## Title XI Neg Update – 7wkHKPP

### 1nc counterplan

#### Text: The United States Federal Government should increase its short-sea shipping investment through an increased fuel tax and new annual fees as per our Stern evidence.

#### Solves the aff

**Stern 4/12** – Congressional analyst in natural resources policy, Inland Waterways: Recent Proposals and Issues for Congress, 4/12/12, http://www.fas.org/sgp/crs/misc/R41430.pdf)//EM

In addition to deciding whether additional investment is needed, Congress may also consider changes to the system that finances these investments, including options for additional revenue that were recently proposed to Congress. These options are the IWUB’s proposal (an increase to the fuel tax), the White House’s proposal to the Joint Committee on Deficit Reduction (new annual fees in addition to the current fuel tax), or other options such as a lock usage fee or some kind of toll system. The IWUB-proposed increase to the existing fuel tax would be somewhat in keeping with the current system for user fees and revenue collection. Combined with increased federal responsibility for some inland waterway costs, the IWUB argues, this proposal would rebuild the trust fund balance and also fund new investments. While the tax would generate additional revenue, some taxpayer and environmental groups argue that the associated increases to federal cost-share responsibilities tied to this proposal are unacceptable. The user industry has not indicated whether it would accept increases to the fuel tax without the proposed changes to cost-sharing arrangements.

The user fees proposed by the Obama Administration in 2011 would address the issue of inadequate revenues by raising new fees from commercial users operating on the inland waterway system. Under the proposed new system of fees, all commercial users would continue to pay costs to utilize the inland waterway system in the form of fuel taxes and new fees for non-lock users, while lock users would also continue to pay the fuel tax, but would pay an even greater fee. The Administration also proposes to add new waterway segments to the list of fuel-taxed waterways on the inland waterway system, further raising revenues.

The Administration argues that since commercial shippers are the primary beneficiary of waterway investments, they should continue to pay the costs for new capital investments. Furthermore, since lock users benefit the most, they should pay the most. The IWUB and Congress have previously rejected lock usage fees and similar proposals as posing unfair burdens on a subset of waterway users, and have opposed the new Administration proposal. 64 The IWUB argues that targeting users of individual segments runs counter to the idea of the inland waterways as a whole “system” whose interconnectivity benefits the nation. 65 Additionally, users note that major fee increases will significantly affect shippers operating within the system. 66 Finally, the user industry has also argued against the proposed new fee because it delegates the authority to set fees to the Secretary of the Army, with certain restrictions. 67

Previously, other means to raise revenue have also been considered by Congress. Early forms of the Inland Waterways Revenue Act of 1978 proposed a lock usage fee in lieu of the fuel tax included in the final bill, and other fees have subsequently been proposed as replacements or supplements to the fuel tax. In addition to lock usage fees, options such as annual licensing fees, systemwide and segment-specific tolls, ton-mile charges, and lock charges for the most congested portions of the system have previously been discussed as a potential means to raise revenues on inland waterways. 68 Theoretically, some of these items could also be combined with the current fuel tax or other proposals.

A separate financing concept, known as “capital recovery,” was represented in the original 1978 legislation but was not enacted in the final bill. Under this framework, user fees would automatically adjust to recover capital investments by the government. 69 For instance, user fees might increase when the IWTF balance drops below a certain level. Alternatively, annualized or per-use fees could be structured to recover capital costs at individual facilities over time. Such a fee could render less likely future shortfalls in the trust fund. It might also force users to narrow those projects pursued to only the most vital authorizations. The concept appears to be represented in the Obama Administration proposal, in which user fees would be tied to trust fund balances after FY2022. 70 Users have previously argued against capital recovery, noting that it is difficult to plan for a tax that is constantly changing, and that such an increase could create an “upward spiral” of cost increases in which a shrinking user base is responsible for more and more costs.

Congress could also consider additional means to increase the reliability of the revenue stream for inland waterways. An automatic adjustment for inflation has previously been discussed and could be incorporated into either a fuel tax increase or a new lockage fee. An inflation adjustment could provide additional future revenues and increase the real purchasing power of IWTF funds, which has decreased substantially since 1994. Some argue that such an automatic adjustment amounts to hidden (and therefore unacceptable) tax increases in the future. (See box below.)

If no long-term solution is enacted to address the IWTF revenue shortfall, Congress may again be forced to take measures to ensure the solvency of the trust fund. Previously, some of these options have included capping IWTF withdrawals at the level of current year fuel tax revenues or putting a temporary hold on all new contracts and focusing on ongoing work. 74 Both of these options would curtail investments on the inland waterway system to some extent. Congress might also stipulate that some or all of the subset of IWTF investments be exempted from WRDA 1986 costsharing requirements (similar to the exemption provided by Congress in FY2009 enacted appropriations). However, an exemption such as this would have an additional cost to taxpayers in the form of funds from the General Revenue account. 2

### 2nc counterplan

#### Past failures make Title XI grants unpopular

**Darcy, Welsh, and Marcus, 2009**—Engineering Duty Officer at US Navy, Professor of the Practice of Naval Construction and Engineering and Professor of Marine Systems (Joseph, Mark and Henry, “Short Sea Shipping: Barriers, Incentives and Feasibility of Truck Ferry”, MIT, June 2009, http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&ved=0CGcQFjAF&url=http%3A%2F%2Fdspace.mit.edu%2Fbitstream%2Fhandle%2F1721.1%2F49879%2F464231726.pdf%3Fsequence%3D1&ei=pRrhT6WvB8Oh0QWGyezZDA&usg=AFQjCNHtk\_8v9stCI1RMUYpvpx5\_z6xy4g)//NJain

In the not too distant past, ship owners and companies desiring to enter the sea shipping trade were able to raise capital privately and be aided by the Federal Government with a mortgage guarantee known as Title XI mortgage insurance. Title XI is a part of the Merchant Marine Act of 1936 that established the Federal Ship Financing Guarantee Program to assist private companies in obtaining financing for the construction of ships and the modernization of U.S. shipyards [37]. Where these guarantees are available, interest rates encountered are invariably lower for the shipowners. In the current political climate, however, the mortgage guarantees appear as none too subtle subsidies to the shipping industry. This is evidenced by the Maritime Administration’s reluctance to issue Title XI guarantees. Between 1985 and 1987, 129 Title XI defaults cost the government nearly $2B [37]. The Federal Credit Reform Act of 1990 imposed stricter requirements on the issuance of these guarantees, improving their performance until between 1998 and 2002, nine Title XI loans defaulted. These defaults combined with the “credit 43 crunch” and sub-prime loan failures, will most likely make lending requirements even more strict. Shipping incentives in the United States have had a semi-sordid past. Most recently (and most importantly since it is fresh in the mind of the government and lawmakers) the failure of American Classic Voyages was a black eye for MARAD which was required to complete a $367M obligation when a Title XI loan guarantee had to be settled in 2001 [38].

#### Recent Solyndra failures have made Republicans opposed to loan guarantees

**Lacey 11** – reporter for Climate Progress (Stephen, House Republicans Complain about Loan Guarantees.. with $11.8 Billion in Loan Guarantees in Their Districts, 9/23/11, http://cleantechnica.com/2011/09/23/house-republicans-complain-about-loan-guarantees-with-11-8-billion-in-loan-guarantees-in-their-districts/)//EM

Playing up the Solyndra bankruptcy to the highest political degree possible, Republicans are using their best rhetorical tricks. They have homed in on two phrases to describe loan guarantees — calling them a tool of “crony capitalism” and claiming that they allow the government “to pick winners and losers.”

Practically every conservative politician speaking to the press about Solyndra has used these phrases, often in the exact same sentence.

### 1nc counterplan

#### Text: The United States federal government should expand United States Maritime Administration advance appropriations funding for short sea transportation in the United States.

#### Background info on the mechanism

O’Rourke 06 - Specialist in National Defense, Foreign Affairs, Defense, and Trade Division at CRS (Ronald, “Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress,” CRS Web, 7/26/06, http://www.fas.org/sgp/crs/weapons/RL32776.pdf)//RD

General Description. Advance appropriations have not been used in Navy ship procurement, but have been used by other executive branch agencies to fund various programs. 9 Advance appropriations is an alternate form of full funding that is permitted under executive branch budget regulations. As a funding approach, it can be viewed as lying somewhere between traditional full funding and incremental funding. Advance appropriations is not to be confused with advance procurement (AP) funding that can occur under traditional full funding. Under advance appropriations, as under traditional full funding, Congress makes a one-time decision to fund the entire procurement cost of an end item. That cost, however, can then be divided into two or more annual increments, as under incremental funding, that are assigned to (in budget terminology, “scored in”) two or more fiscal years. 10 In contrast to incremental funding, under which Congress must take a positive action each year to approve each year’s funding increment, under advance appropriations, Congress, following its initial decision to fund the item, would need to take a positive action to cancel or modify an annual funding increment in a futureyear budget. In this sense, advance appropriations can be thought of as a legislatively locked in form of incremental funding: the future-year funding increments will occur unless Congress takes action to stop them.

### 2nc counterplan - solvency

#### Solves certainty – still perceived as full funding

O’Rourke 06 - Specialist in National Defense, Foreign Affairs, Defense, and Trade Division at CRS (Ronald, “Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress,” CRS Web, 7/26/06, http://www.fas.org/sgp/crs/weapons/RL32776.pdf)//RD

This option could involve starting to use advance appropriations for ships such as aircraft carriers or large-deck amphibious assault ships. Supporters could argue that this option, like the previous one, would take maximum advantage of opportunities for avoiding or mitigating budget spikes associated with the procurement of these ships. Since advance appropriations is a form of full funding, they could argue that this option would not weaken the full funding policy. They could also argue that compared to the previous option, this option would create less risk of an increase in the cost of an aircraft carrier or largedeck amphibious assault ship due to a decision to reduce or defer a funding increment because, under advance appropriations, funding increments occur automatically unless Congress takes a positive actions to stop them.

#### **Solves shipbuilding stability internal link**

Arena 06 – Senior Physical Scientist at RAND Corporation (Mark V., “Why Has the Cost of Navy Ships Risen? A Macroscopic Examination of the Trends in U.S. Naval Ship Costs Over the Past Several Decades,” RAND, 5/30/06, http://www.rand.org/pubs/monographs/2006/RAND\_MG484.pdf)//RD

Multiyear buys, or “advance appropriation,” could introduce a greater semblance of stability to naval shipbuilding (Blickstein and Smith, 2002). 'The Navy could also improve stability by resisting changes to its shipbuilding plan with each budget cycle. Below, we review the prospects for multiyear procurement, incremental procurement, and advance appropriation. Multiyear procurement has been used primarily in aircraft procurement (e.g., F/A-18E/F) but has also been used for DDG-51 and SSN-688 ships. This procurement strategy permits the Navy and shipbuilders to establish contractual agreements for future ships over several years. Under multiyear procurement, Congress authorizes all the procurement quantities and funding necessary in the first year of a multiyear procurement but only appropriates the funds necessary for the first year of the procurement. It then appropriates funding in each subsequent year as part of the annual DoD appropriation bill. Because multiyear procurements also establish penalties against the Navy for not procuring the specified number of ships, and because Congress rarely backs away from such an agreement once it is a matter of law, such agreements give shipbuilders greater confidence in making investments and also allow them to increase their purchasing leverage with suppliers.

#### Solves investor confidence and multiplier effect

CPB 12 – Congressionally created program in charge of investment in public broadcasting (Corporation for Public Broadcasting, “Appropriation Request and Justification FY2013 and FY2015,” February 2012, http://cpb.org/appropriation/justification\_13-15.pdf)//RD

Leverage for Other Funds. Congress envisioned that advance funding would allow "local stations to undertake advance program planning with assurance as to the level of Federal funding available in the foreseeable future/'25 and that "advance appropriations... could help to improve the planning and management of public broadcasting."26 Indeed, this mechanism allows local public television and radio stations to include projected federal support in their budget-planning processes two years before those budgets are implemented. Importantly, stations are able to use this commitment of federal dollars to leverage critical investments from state and local governments, universities, businesses, foundations - and most importantly, viewers and listeners of local stations. According to one public television General Manager (GM), "recruitment of community partners would be seriously hindered...if stations could not confirm economic commitments to projects beyond a fiscal year...Advance funding signals] to our (increasingly strapped) institutions (for a large portion of our licensees) that we will have the financial wherewithal to complement institutional funds in the delivery of service.”27 Similarly, a public radio GM reports that "Considering the majority of public media operations are licensed to academic environments, it is helpful to understand funding sources two years out. Universities now are working on enrollment strategies, hiring and curriculum development for 2014. Given many stations are still embedded in the university environment ...the advance funding model is very helpful."28 Through this process, the federal investment is multiplied - more than six nonfederal dollars are raised for each dollar appropriated to CPB.

#### Solves cost-effectiveness – works just as well as loan guarantees

O’Rourke 06 - Specialist in National Defense, Foreign Affairs, Defense, and Trade Division at CRS (Ronald, “Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress,” CRS Web, 7/26/06, http://www.fas.org/sgp/crs/weapons/RL32776.pdf)//RD

Using incremental funding or advance appropriations could marginally increase the number of ships that could be built for a given total amount of ship-procurement funding (or, conversely, marginally reduce the total cost to procure a given number of ships). By avoiding instances in which budget spikes caused ships to be moved from one year to another in ship-procurement plans, using incremental funding or advance appropriations can avoid perturbations in the production schedules for these ships. Such perturbations can increase the cost of a ship, reducing at the margin the total number of ships that can be procured for a given total amount of ship procurement funding. In addition, if a situation arises in which annual funding for ship procurement limits ship-procurement in the near term to low rates with poor production economies of sale, but is expected to rise in future years to levels that would be more than adequate to support higher, economic rates of ship procurement, then using incremental funding or advance appropriations could permit construction to begin on additional ships in the near term, improving near-term production economies of sale, while still permitting the Navy to procure ships in future years at economic rates of production. Improving near-term production economies of scale while preserving acceptable production economies of scale in later years might result in marginally higher average economies of scale for the entire period in question and thereby reduce, at the margin, the collective cost of all the ships procured in the near term and the later years.

#### Counterplan solves perception of loans

Blickstein and Smith 02 - \*senior engineer at the RAND Corporation, previously Assistant Deputy Chief of Naval Operations, Resources, Requirements & Assessments, \*\*fellow at RAND (Irv and Giles, “A Preliminary Analysis of ADVANCE APPROPRIATIONS as a Budgeting Method for Navy Ship Procurements,” 2002, RAND, http://www.rand.org/pubs/monograph\_reports/2005/MR1527.pdf)//RD

CREATING A SHORT-TERM LOAN AGAINST THE FUTURE The use of AA can create the equivalent of a short-term loan, to be paid back in the near future. Consider an example in which the Navy proposes a FY2002–FY2006 shipbuilding budget that includes a nuclear submarine to be started in 2002, at a cost of $2 billion, and a special-purpose ship to be started in 2003, at a cost of $1 billion. Each ship is to be fully funded in the year of construction start. Now suppose that, in mid-2001, a situation arose making it desirable to move the start of the special-purpose ship ahead one year, to 2002. But also suppose that other circumstances made it very difficult to increase the 2002 budget by the extra $1 billion needed for such a move. That situation might be handled by changing the submarine appropriation to an advance appropriation, calling for $1 billion to be appropriated in 2002 and the remaining $1 billion to be appropriated in 2003. Such a procedure would cover the appropriations and expenditures needed for the submarine project and would make available $1 billion in 2002 to start the special-purpose ship without any change in the total shipbuilding budget level. This example represents a zero-sum transfer and, while not the sort of application discussed in OMB Circular A-11, seems like an application that might be found acceptable by OMB and Congress. The “loan” from the submarine program in 2002 would be “repaid” in 2003 from the money that had been originally scheduled for the special-purpose ship in that year. It seems plausible that AA could be useful in resolving budget problems of the type postulated here. We can envision another kind of short-term loan that could be created through use of AA. Suppose that, in the above example, no special-purpose ship had been presented in the budget items for start in 2003, but that an urgent need arose some time in 2001 to start such a ship in 2002. The same shift from full funding to AA for the submarine could again free up the needed $1 billion in FY2002 funds, but that money would have to be repaid to the submarine program in FY2003. Perhaps Congress would increase the FY2003 budget by the needed $1 billion or shift the funds from some other account. This use of AA to fund a new program no longer represents a zerosum transfer of funds between programs and budget years. Instead, it becomes a loan against the future without a specified repayment plan.

#### Solves perception of loans

Blickstein and Smith 02 - \*senior engineer at the RAND Corporation, previously Assistant Deputy Chief of Naval Operations, Resources, Requirements & Assessments, \*\*fellow at RAND (Irv and Giles, “A Preliminary Analysis of ADVANCE APPROPRIATIONS as a Budgeting Method for Navy Ship Procurements,” 2002, RAND, http://www.rand.org/pubs/monograph\_reports/2005/MR1527.pdf)//RD

CREATING A LONG-TERM LOAN AGAINST THE FUTURE Under some circumstances, advance appropriations could create near-term funds that would not require payback until some time in the indefinite future. This use of AA appears far outside the model envisioned in OMB Circular A-11, and there is no guarantee that any Congress would agree to such use. However, the strategy has obvious appeal to budget managers and has been advocated by some officials in the DoD. For these reasons, we illustrate the basic mechanism here. In Chapter Three, we show how that mechanism might be applied to Navy shipbuilding budgets. In the illustration directly above, the Navy would obtain $1 billion that had not previously been presented in the budget items for 2002, but it would have to pay that money back to the submarine project in 2003. Now, suppose that the payback was achieved by opening a new AA account in 2003 for the submarine scheduled to be started that year. That would free up the needed $1 billion in FY2003 funds, effectively borrowing it against the FY2004 budget. Suppose further that this tactic is repeated in FY2004 and in every successive year. The payback can be deferred as long as the sub marine program is scheduled to start a new boat every year. Thus, the near-term appearance is that of “finding” a new $1 billion in FY2002. Of course, that result is predicated on the Navy successfully funding a new submarine start every year, thus enabling the loan to be rolled over year after year. We illustrate this process using a simple, one-product model.

### 2nc counterplan – avoids the politics link

#### Avoids the link to politics – shipbuilding industry pushes for advanced appropriations and its popular anyway

McCarthy 01 – reporter for Defense Daily (Mike, “Advance Appropriations Push to Continue,” Defense Daily, 5/21/01, http://www.defensedaily.com/articles/dt/2001/dt05210108.htm)//RD

Despite a congressional decision earlier this month to eliminate advance appropriations for defense spending, the Navy and industry shipbuilders plan to move forward with an effort they believe will tame Pentagon budget spikes and stabilize the shipbuilding business. "We are going to support this every step of the way," said American Shipbuilding Association President Cynthia Brown, who has been urging Congress to support advance appropriations. When Congress funds a ship, it appropriates and authorizes the ship's entire cost during the first fiscal year of the ship's construction, although the ship may take several years to build. Advance appropriations would only fund the first year's cost of the ship, and the rest of the money would be steered into construction of ships that wouldn't be otherwise funded until future budgets are drawn up, said Ronald O'Rourke, a Navy analyst at the non-partisan Congressional Research Service. The shipbuilding industry believes advance appropriations will help it better plan, thus providing greater stability and reducing shipbuilding costs, Brown said. On the other hand, advance appropriations force the government to guarantee ships will be built by making such an early financial commitment instead of waiting until the full funding is available. A proposal by Sen. Olympia Snowe (R-Maine) to place the advance spending option into the recently passed congressional budget resolution was approved by a House-Senate conference committee for some federal agencies—but not the Pentagon. But there is still significant support in Congress for advance appropriations for ships, Brown said, adding that Snowe, as well as Republican Majority Leader Trent Lott (R-Miss.) and Senate Armed Services Committee Chairman John Warner (R-Va.), support advance spending. The biggest obstacle to the funding is the White House's Office of Management and Budget, or OMB, which persuaded House members to oppose advance appropriations for defense spending, Brown said. "Our stance has been against advance appropriations in this budget cycle," OMB spokesman Chris Ullman said. "We should focus on the needs of a particular fiscal year without committing dollars ... to future fiscal years." Brown said that the Navy's support of advance appropriations could persuade Defense Secretary Donald Rumsfeld and the Bush administration to change OMB's position, which would give the measure a better chance of congressional approval. A Navy spokesman said the service is always considering different alternatives to finance shipbuilding, including advance appropriations.

#### The Navy pushes the CP and its popular in Congress

Wolfe 01 - Congressional reporter at LRP Publications, previously Governance consultant at the World Bank and senior analyst at SAIC (Frank, “Shipbuilding Association Presses For Advance Appropriations,” Business Library, 5/9/01, http://findarticles.com/p/articles/mi\_6712/is\_28\_210/ai\_n28836189/?tag=content;col1)//RD

The FY '02 congressional budget resolution does not allow advance appropriations for shipbuilding, and the American Shipbuilding Association is asking the Navy to push DoD to include such funding in a revision of its budget request. "What I'm encouraging the Navy to do is to convince DoD to put advance appropriations for shipbuilding in their FY '02 budget to force the issue in OMB and Congress," Cynthia Brown, president of the American Shipbuilding Association, told Defense Daily yesterday. The Senate may take up the budget resolution today and vote on it Thursday. The House may vote on the resolution today. Shipbuilders have advocated advance appropriations to provide program stability and increase the build rate for Navy ships, while budget hawks in Congress, including budget committee members, believe that the approach may end up costing more money than the full, up front funding now mandated for ships in the Shipbuilding and Conversion (SCN) account. The FY '02 congressional budget resolution allows advanced appropriations for the Corporation for Public Broadcasting and for other accounts, like Special Education and the Federal Trade Commission, provided that their sum does not exceed $23.2 billion. Shipbuilding, however, is not on the list of approved accounts. Brown said yesterday that the Navy must either increase its SCN account to $14 billion annually to increase the build rate to 12 ships per year or must provide advance appropriations to allow a greater number of ships to be put under contract each year. Though a greater number of ships would provide unit cost savings for the Navy, the service would eventually need greater Total Obligation Authority for the increased number of ships on budget each year. Advance appropriations for capital projects are now considered by the Office of Management and Budget to be a full funding mechanism because a contract committing an agency to the full amount over several years is entered into. But the advance appropriations are scored year by year as the funds are obligated, much as a corporation scores its outlays. Shipbuilders warn that if the Navy maintains the current build rate, the service will have just 220 ships. Though the top-to-bottom review by Defense Secretary Donald Rumsfeld may result in revisions to the Bush administration's FY '02 budget request, the latter now contains just $7.8 billion for shipbuilding, a $3.7 billion decrease from the $11.5 billion approved by Congress for FY '01 (Defense Daily, April 9). Advance appropriations for shipbuilding had received significant Senate support. Senate Majority Leader Trent Lott (R-Miss.), Sen. John Warner, chairman of the Senate Armed Services Committee (SASC), Sen. Jeff Sessions (R-Ala.), chairman of the SASC seapower panel, were among the 11 senators who urged Sen. Pete Domenici (R-N.M.) in an April 9 letter to include an advance appropriations allowance for defense capital projects, like Navy shipbuilding, in the congressional budget resolution. Domenici, who chairs the Senate Budget Committee, said in a colloquy April 9 on the Senate floor that the Senate version of the budget resolution "provides for the funding of capital projects, while maintaining the discipline of full advance funding." Domenici said that he would work to ensure that the issue was adequately addressed in the House-Senate conference on the congressional budget resolution. The House version of the budget resolution may have been the deciding factor weighing against an advance appropriations provision for defense capital projects in the congressional budget resolution. The House version changed the scoring rules for advance appropriations because of the House Budget Committee's view that entitlement and other programs abused the current scoring rules (Defense Daily, April 5). >TK Lockheed Martin [LMT]: Northrop Grumman [NOC]: Raytheon [RTNA/RTNB]: General Motors of Canada [GM]: Harris [HRS]: ITT [ITT]: Bell Helicopter Textron [TXT]: Boeing [BA]:

#### Loan guarantees unpopular in Congress

Loris 11 – economist and policy analyst at Roe Institute for Economic Policy Studies (Nicolas, “Congress Should Scrap the Energy Loan and Loan Guarantee Programs,” The Heritage Network, 9/27/11, http://blog.heritage.org/2011/09/27/congress-should-scrap-the-energy-loan-and-loan-guarantee-programs/)//RD

Senator Harry Reid (D–NV) and his Senate colleagues rejected the idea of cutting $1.5 billion unspent from a $7.5 billion advanced vehicle manufacturing technology loan program and another $100 million from the Department of Energy’s (DOE) loan guarantee program—the same program that funded bankrupt Solyndra. The political squabbling did not cause the partial government shutdown that many feared, but the real issue should be about the protection of these green programs. The reality is that simply reducing the programs is not enough. By leaving them in place at all, the House is still promoting crony capitalism, just a little less of it. The better approach is to scrap these boondoggles completely. There are two kinds of companies that seek loan guarantees: (1) those that are economically uncompetitive, and (2) those that can be competitive. The former need loan guarantees to stay alive. But as we’ve seen with Solyndra, even they will eventually fail. For those that can be competitive, loan guarantees are nothing more than handouts that pad their bottom lines. Neither case can be justified. Looking at the recipients of DOE’s Advanced Technology Vehicle Manufacturing (ATVM) loan program, it’s easy to see why we should do away with it. First, bear in mind that this program is on top of the $7,500 subsidy that consumers already get when buying an electric car. But beyond that, consider two of the recipients, Tesla Motors and Fisker Automotive, which each make electric cars that sell for about $100,000—pricey for most of us, but these manufacturers shouldn’t be priced out of the market if they are building cars that people want. Car manufacturers make (and people buy) $100,000 cars all the time. Tesla even now offers a Model S at a price of $50,000, which includes the tax credit. So if the price is right and the product is good, why do these companies need to be subsidized by the taxpayer? Given how great electric cars are, according to their proponents, perhaps it’s Porsche and Mercedes that should be getting the help. After all, who would pay $100,000 for an antiquated gas-guzzling jalopy when they could get one of those fancy new electric cars? This headline from two years ago says it all: “Fisker Promises Affordable Plug-In Cars in Two Years Flat (If DOE OK’s Loans).” If this company can make an affordable electric vehicle, and one of the conditions of the ATVM program is that the applicant must be “financially viable without the receipt of additional federal funding for the proposed project other than the ATVM loan,” then these companies should seek private capital, not government capital. The demand for the vehicle will determine if it’s affordable or not. In July, the Obama Administration announced new auto efficiency regulations that will create stricter miles per gallon standards (average of 54.5 mpg) for cars and light-duty trucks for the model years 2017–2025. Other ATVM loans went to Severstal Dearborn—a manufacturer of light, high-strength steel—as well as Nissan and Ford to assist in meeting the new fuel efficiency standards. Thus, the federal government puts the cart before the horse in terms of technology and assumes that people want to buy more fuel-efficient cars, then uses taxpayer money to foot the bill. The clean energy loan guarantee program is no better. DOE will tell you that they’re not in the business of picking winners and losers. In fact, DOE spokesman Damien LaVera said, “We don’t pick winners and losers. The private sector does.” Companies selected for loan guarantees have been “deeply, deeply, deeply capitalized by the private capital markets.” But that’s exactly what they’re doing. The loan guarantee shifts the investment from private capital markets to the loan guarantee recipients and away from more competitive projects. Loan guarantees are subsidies. Recipients offset the higher interest rates that result from high-risk projects by transferring the financial risk to the taxpayer. This results in much lower capital costs. Arguing that DOE isn’t picking winners and losers is like a referee setting one basketball rim at 10 feet and the other at six feet and saying that, because the score is even to start the game, the ref isn’t picking a winner or loser. These clean energy loan and loan guarantee programs don’t just need to be cut. They need to be done away with entirely.

####  **Advance funding is empirically liked in Congress (and it solves the marine sector stability)**

McNeill 05 – National President of the NLUS (Sheila M., “Shipbuilding Strategies for Success,” 2005, NLUS Website, http://www.navyleague.org/sea\_power/almanac\_jan\_05\_vii.php)//RD

There are few issues in official Washington that attract more heat and less light than the annual release of the Navy’s plan for new ship construction. Billions of dollars are at stake as the shipbuilding industry struggles with overcapacity and Congress reconciles defense needs with domestic priorities and deficit reduction. But we have to get it right. Building a powerful and effective Navy and Marine Corps for the future is a central element of our national security strategy. Shipbuilding is a volatile issue in part because there is no stability in the shipbuilding program. Even in the best of years, the Navy buys a few ships at very high unit cost. Changing the number of ships in the plan has a huge effect on every constituency, including the services, shipyards, unions and our political leadership. Nonetheless, the numbers change frequently along with shifting defense priorities, alterations in total Pentagon spending and evolving political agendas. Currently, the Navy is in the midst of a transformation that will bring fundamental change to its structure, operations and people. Defense spending seems likely to level off after several years of gain, and members of Congress remain reluctant to commit future Congresses to a long-term course of action. Meanwhile, shipbuilders yearn for some stability year-to-year to guide their investments in infrastructure, materials and skilled labor. These factors help explain why the shipbuilding program has become a lightning rod for confrontation and conflict. Congress, the Office of Management and Budget (OMB) and the Navy have struggled for years to bring a measure of constancy to naval shipbuilding. Their results are difficult to discern. A major barrier to their success arises each time the Navy buys a large capital ship, such as an aircraft carrier or large-deck amphibious ship. They cost from $3 billion to $11 billion each and are purchased every four to five years, creating sharp spikes in the Navy’s budget. Best-laid plans to the contrary, those extraordinary costs collide with limits on top-line defense spending and inevitably lead to cuts in other resources, such as readiness and aircraft. The tradeoffs and budget churn also generate a lot of blowback from groups affected, such as aircraft makers and their congressional advocates, and wreak havoc for managers in the Navy and at the shipbuilding companies. There are, however, ways to reduce those spikes, mitigate the accompanying tradeoffs and lay the groundwork for less internecine warfare and more efficient operations by government and industry. First, large capital ships should be purchased on a split-funding basis, with procurement costs spread over two years rather than one. This is not a novel acquisition strategy. Congress and OMB have approved split funding for major carrier overhauls costing about $3 billion each. Also, some of the costs of large capital ships already are paid over several years. For example, the power plant and many of the components and materials for new carriers are purchased up to six years prior to construction at a typical cost of $3 billion during the “advance procurement” period. Second, large capital ships should be procured heel-to-toe. As a carrier is finishing the second year of a split-funding procurement cycle, the Navy should begin procurement of a large-deck amphibious ship. This would help moderate the budget spikes despite the fact that these two classes of ships are built in separate yards. Third, the detailed design costs of all lead ships of a class should be funded during advance procurement. Advance funding of these costs — typically $500 million for a destroyer to $1.1 billion for a carrier to cover detailed engineering, production drawings and related tasks — would provide an enormous advantage to industry planners without increasing costs to the taxpayer. These acquisition practices will help government and industry better plan and program the procurement of Navy ships, but they will do little to increase the size of the fleet or improve the rate of production. That will not happen until the Navy develops and issues a shipbuilding plan for the future that reflects the analyses of innovations in operating procedures and the real world requirements of the post-9/11 military strategy.

#### GoP doesn’t like loan guarantees

Snyder 5-16 – Staff writer for Bloomberg (Jim, “Loan-Guarantee Winners Back Loans as Republicans Complain,” 5/16/12, Bloomberg Businessweek, http://www.businessweek.com/news/2012-05-16/loan-guarantee-winners-back-loans-as-republicans-complain)//RD

Executives from four renewable-energy companies defended a U.S. Energy Department loan-guarantee program that House Republicans said showed failures in President Barack Obama’s job-creating efforts. John Woolard, chief executive officer of BrightSource Energy Inc. (BRSE) (BRSE), told lawmakers today that a $1.6 billion guarantee for a solar-generating facility in California will create 1,400 construction jobs at its peak. Without the backing, the company probably would have invested more overseas, he said. Executives said the program encouraged investment, and that the projects were awarded after rigorous U.S. review. Republicans led by Representative Jim Jordan of Ohio, chairman of the Oversight and Government Reform Committee stimulus oversight panel, said government shouldn’t pick “who wins and who loses.” The program “wasted vast sums of money,” Jordan said today at a committee hearing. The Obama administration’s energy programs are being investigated by House Republicans, who have focused on the collapse of Solyndra LLC about two years after winning a $535 million loan guarantee. Jordan’s panel has expanded the probe. At today’s hearing, Republicans said e-mails from BrightSource in 2011 showed a cozy relationship with the White House, and suggested politics was behind the awards. In one e- mail, Woolard asked Jonathan Silver, then director of the loan program, to proofread a letter BrightSource Chairman John Bryson planned to send Bill Daley, White House chief of staff, asking for help with the Energy Department loan. Bryson is now Commerce secretary and Daley has left the White House. ‘Not Appropriate’ Woolard said BrightSource “decided that it was not appropriate” to write Daley. In April, the department completed BrightSource’s loan guarantee, more than a year after it gave the company a conditional commitment. Woolard said the company won its loan on the merits.

#### GoP opposes loan guarantees

Geman and Colman 7-11 – both staff writers for The Hill (Ben and Zack, “OVERNIGHT ENERGY: Loan Guarantee Battle Flares in House,” 7/11/12, The Hill E2 Wire, http://thehill.com/blogs/e2-wire/e2-wire/237399-overnight-energy-loan-guarantee-battle-flares-in-house)//RD

House Republicans will take fresh shots at the Energy Department’s (DOE) loan guarantee program Thursday, with the House Energy and Commerce Committee holding a hearing about the GOP’s “No More Solyndras” bill. The draft legislation – named after the failed DOE-backed solar company – would sunset the loan guarantee program; place new parameters on reviews of existing applications; and prevent so-called subordination of taxpayer interests to private investors in any loan guarantees. The panel will hear from witnesses including the acting head of DOE’s loan program. Republicans say the “No More Solyndras” bill is needed to reform and ultimately phase out a program that they allege has been wasteful with taxpayer dollars, noting the collapse of Solyndra and bankruptcy of some other companies that have received loan guarantees. “Our ‘No More Solyndras Act’ will ensure taxpayers are no longer vulnerable to the Obama administration’s game of crony capitalism,” said Rep. Cliff Stearns (R-Fla.), the GOP’s point man on the Solyndra probe, when rolling out the draft bill Tuesday. But DOE officials say those headwinds shouldn’t obscure the wider successes of the program. Damien LaVera, a DOE spokesman, said the department takes the use of taxpayer dollars seriously and is strengthening oversight of the program, which was first authorized in a bipartisan 2005 energy law and expanded in the 2009 stimulus. “As we have consistently said, there is a degree of risk inherent in helping new, innovative technologies get off the ground. Congress recognized that risk by putting aside $10 billion in loan loss reserves,” he said in a statement. “But this Administration believes that just because there is risk here, that doesn’t mean we should throw up our hands and cede the jobs of the future to China, Spain, or anywhere else.”

#### Loan guarantees unpopular

Restuccia 11 – energy reporter for POLITICO (Andrew, “GOP to sink its teeth deeper into Solyndra and White House,” E2 Wire, 9/25/11, http://thehill.com/blogs/e2-wire/e2-wire/183755-for-house-gop-solyndra-saga-is-here-to-stay)//RD

House Republicans have sunk their teeth into the bankruptcy of an Obama administration-backed solar firm, and they made it clear this week that they’re not letting go. Unlike other GOP-led probes of the White House that quickly faded away, Republicans are vowing to intensify their investigation into the California-based Solyndra. The company declared bankruptcy and laid off 1,100 workers this month just two years after receiving a $535 million stimulus-law loan guarantee from the administration. The incident has ignited a firestorm in Washington, leaving the White House scrambling to defend itself against Republican allegations that the administration missed a series of red flags that hinted at Solyndra’s pending financial collapse. The debacle is a messaging nightmare for the White House, which has invested a huge amount of political capital in the stimulus law and its clean energy agenda. Republicans have seized the moment, launching investigations, leaking damaging emails from the White House and blasting the administration on television and the radio. And it’s not over yet. Not even close. “Well, you can run, but you can’t even hide,” Rep. Joe Barton (R-Texas) said on Fox Business Network this week. “We’ve got a good e-mail trail. We’ve got a number of professional investigators interviewing people. There’ll be more witnesses. There’ll be more hearings.” Republicans on the House Energy and Commerce Committee have launched an investigation into the Solyndra debacle and they hauled the company’s top executives before the committee’s investigative panel Friday morning. The executives – Solyndra CEO Brian Harrison and Chief Financial Officer W.G. Stover Jr. – refused to answer lawmakers’ questions, invoking their Fifth Amendment rights 20 times during the hearing. Amid the silence from the Solyndra executives, Republicans used the hearing to bash the White House. “Congress and the American taxpayer have a right to know whether this loan guarantee was rushed out the door before it was ready for prime time, whether the administration doubled down on a bad bet after knowing of the company’s dubious commercial prospects or, even worse, whether $535 million taxpayer dollars were wasted on false or incomplete information,” Rep. Cliff Stearns (R-Fla.), the chairman of the Oversight and Government Reform Subcommittee, said. Republicans warned that Friday’s hearing, a media spectacle that got major coverage even as lawmakers struggled to approve a stopgap spending bill to avert a government shutdown, is just the beginning. “Let me just warn you and the other folks involved in this taxpayer rip-off,” Upton told the executives Friday. “We’re not done. No, we’re not.” Republicans on the panel received tens of thousands of documents from the White House, Energy Department and other agencies involved in reviewing the Solyndra loan guarantee in recent months after issuing a subpoena in July. A handful of emails released by the committee appear to show that the White House tried to rush a final decision on the company’s financing so that Vice President Biden could publicly announce approval of the loan guarantee at the September 2009 groundbreaking for the company’s new factory. This week, the lawmakers requested more documents, sending a letter to Energy Secretary Steven Chu seeking all communications between DOE and the White House and Treasury Department on the loan. After Friday’s hearing, Upton said Republicans would consider issuing another subpoena if the administration doesn’t continue to cooperate. “We are going to continue pursuing this and if folks refuse to answer questions or appear, then we’ll issue another subpoena if we have to,” Upton said. “At the end of the day we have to figure out what happened to this taxpayer money – half a billion dollars. We have more interviews to conduct and we are not going to conclude this until we get all the answers.” It’s not just the House Energy panel that’s getting in on the action. House Oversight and Government Reform Committee Chairman Darrell Issa (R-Calif.) said this week that he would probe federal loan programs in light of the Solyndra incident. Following a hearing Thursday in which Issa and other Republicans on the panel slammed the administration’s “green job” projections, Issa warned that taxpayers could be responsible for billions of dollars if other solar companies collapse. “We could potentially have every solar panel company go out of business, and that’s multiple Solyndras that we’re going to find ourselves on the hook for,” Issa said. But Issa said he has no immediate plans to hold hearings on the administration’s loan programs, citing the committee’s busy schedule. Meanwhile, in another indication that Solyndra is becoming a rallying cry for Republicans, House GOP leadership cut $100 million from the Energy Department’s loan guarantee to offset the cost of emergency disaster aid in a stopgap spending bill approved by the chamber early Friday morning. An earlier version of the legislation that did not include the cut to the loan guarantee program failed Wednesday, but a slew of Republican defectors voted for the new version of the bill Friday.

### A2 Congestion

#### Congestion threats are exaggerated

**Stern 4/12** – Congressional analyst in natural resources policy, Inland Waterways: Recent Proposals and Issues for Congress, 4/12/12, http://www.fas.org/sgp/crs/misc/R41430.pdf)//EM

The Corps has in the past noted that the justification for most new navigation alternatives depends greatly on traffic forecasts from future trade scenarios, which can themselves be difficult to predict. These forecasts often depend on a number of interrelated variables, such as commodity prices, the overall price sensitivity of shippers, and outside factors such as increases or decreases in the efficiency of other modes of freight transit.

The Corps has noted that total domestic freight traffic is expected to increase by approximately 70% by 2020, but recently has avoided projections specific to inland waterway freight traffic. 55 The Department of Transportation projects that the majority of this increase in freight traffic will be on freight rail and highway traffic, with annual waterway traffic projected to increase 2% per year between 2010 and 2035. 56 Shipping interests point out that an overall increase in the efficiency of inland waterways could lessen anticipated pressure on highway and rail shipments, or at least maintain viability of inland waterways compared to these other forms of freight shipping. Future lock upgrades or new construction would likely increase demand for inland waterways. However, the extent to which these upgrades would have an effect on demand would likely also depend on a number of other external factors.

Some groups have countered industry requests for new lock construction based on traffic projections by noting that traffic has been flat or decreasing at some individual locks on high traffic portions of the inland waterway system. 57 Observers, including former Corps employees, have also criticized previous projections of traffic increases by the Corps and as overly optimistic. 58 To date, the Corps has avoided use of projected future traffic increases as a basis for changes to the overall level of investments on inland waterways.

### A2 Peacekeeping Impact

#### Bangladesh solves the impact

**Haque 5/29** – staff writer for Al Jazeera news (Nicolas, Bangladesh troops lead global peacekeeping, 5/29/12, [http://www.aljazeera.com/indepth/features/2012/05/201252982553900996.html)//EM](http://www.aljazeera.com/indepth/features/2012/05/201252982553900996.html%29//EM))

Rajendrapur, Bangladesh - "Wearing a blue helmet is a question of national pride," Colonel Ashraf from the Bangladesh Army told Al Jazeera. He has just come back from a 13-month UN peacekeeping mission in the Ivory Coast and now teaches soldiers from around the world in peacekeeping operations.

Experienced tutors such as Colonel Ashraf play a critical role in keeping global peace. The impoverished South Asian country is, after all, the world's largest contributor to peacekeeping operations, with almost 10,000 troops and police deployed in 45 conflict zones. And as newer conflicts erupt, piling further pressure on the UN to intervene, additional peacekeepers are being rigorously trained at the Bangladesh Institute of Peace Support Operation Training.

It is here at Rajendrapur, 35km out of capital Dhaka, that Bengali-speaking soldiers learn languages and skills required for foreign deployments. With most troops deployed in the Democratic Republic of Congo and other French-speaking African countries, soldiers typing away in French is a common sight at the institute's language lab.

"As peacekeepers, we need to build relationships with the local community," reminds the man in charge, commandant Brigadier General Anissuzaman Bhuyan.

Soft power

Bangladesh does not have the military might that other countries have. But it does have an army of 300,000 in a poor and densely populated country accustomed to political instability and natural disasters. It knows how to handle conflict.

"Our contribution to peacekeeping operations is crucial. It's a way for Bangladesh to exercise what we call our soft power. It's a way of winning hearts and minds," adds Bhuyan.

With 47 UN missions under its belt, the country is a heavyweight in peacekeeping.

#### Peacekeeping and naval operations fail – incites conflict

**Christwire 11** (As Iran Navy Fires Missiles at US Peace Keeping Ship (Photographic Evidence) in Strait of Hormuz, The US Government Must Call for Allied Military Invasion of Tehran, 11/31/11, http://christwire.org/2011/12/as-iran-navy-fires-missiles-at-us-peace-keeping-ship-photographic-evidence-in-strait-of-hormuz-the-us-government-must-call-for-allied-military-invasion-of-tehran/)//EM

On December 30th, Iranian battleship fires deadly missiles upon non-aggressive U.S. carrier on a peace keeping mission in the Strait of Hormuz. Iran is threatening to cut the Western world off from crucial oil supplies and is attempting to initiate a global conflict. Quick, decisive action is needed from Washington, DC, to contain this new Persian aggression.

Emboldened by the naively laid olive branches young Barack Obama laid out before them when he become president, Iran and its president Mahmoud Ahmadinejad have all but declared war upon the United States.

Barack Obama joins with anti-capitalist dictators Hugo Chavez and Mahmoud Ahmadinejad in a naive moment of candid camaraderie. Little did Obama know that Ahmadinejad would aggressively push for a nuclear Iran, one that could destroy a defenseless Israel and share deadly nuclear technology with the anti-American yet oil rich Venezuela.

For the first time in history, a United States president backed down from the US international policy of not letting recognized terror nations harbor weapons of mass destruction. In a fool’s speech, Barack Obama explicitly stated that the Iran had every right to have nuclear weapons. Now, with a destructive nuclear arsenal nearing completion, Iran yearns to destroy Israel and will not let even a soon Republican-lead United States stand in its way.

The Bush Doctrine clearly labeled North Korea and Iran as key components of the Axis of Evil.

By refusing to follow the policy of President George W. Bush, Obama has ushered in this era of an emboldened Iran seeking military backing from Russia and China as they bid to become the dominant power in a tumultuous, mostly dictator-free Middle East.

Iran is trying to setup its own incarnation of the Monroe Doctrine.

By the use of force and threat of a US and NATO versus China and Russia war, a war that would destroy humanity itself, Ahmadinejad is masterminding a way to make an aggressive Iran the ruling nation of Iraq, Afghanistan, Syria and Lebanon. Ahmadinejad plans to extend his ‘sphere of influence’ to even the Northern African lands of Egypt that the US military recently freed from the evil reign of Moammar Qaddafi.

Iran is trying to blackmail the USA into submissiveness. Tehran announced that on Saturday, the day before 2012, it would begin firing upon any US ships in “non-American waters” in proxy to the Middle East. And it kept true to its word.

The missiles fired were Demoncled class warheads, capable of delivering a nuclear arsenal’s payload, explosive packages with the charge of 4,000 units of c4 and can even deliver biological payloads. These missiles are very sophisticated and appear to be of advanced Soviet-era design.

“Shorter- and longer-range, ground-to-sea, surface-to-surface and surface-to-air missiles will be used on Saturday” the Iranian ISNA news agency reported Iran’s navy spokesman, Commodore Mahmoud Mousavi, as threatening America on late Friday.

Iran followed this display of power with a bold statement: “Not one drop of oil will leave the Strait of Hormuz until the United States leaves the Middle East, running away to its pithy nation, and Barack Obama must plead forgiveness and promise to not impose sanction upon Iran or her allies.”

The sanction reference is in respect to Bush-era policy which threatened to starve the Iranian government of supplies if they dared develop nuclear weapons, a necessary measure to ensure world peace.

The aggressive military stance in Iran and China’s increasingly menacing Pacific fleet are meant to stoke tensions with Washington, yet Obama is not showing proper strength to keep this new Moor-Sino aggression at bay.

While Barack Obama remained mum and timid when pressed on the subject, the United States GOP field did answer the question quite similarly. Should America call for an invasion of Iran? Presidential candidate Mitt Romney was the most aggressive: Iran is showing “irrational behavior” and its actions of trying to close the Strair of Hormuz “will not be tolerated”. The US State Department soon after mirrored the words and sentiment of Romney.

As if the firing of ‘warning shots’ at US ships were not bad enough, the Iran navy has also laid out mine-fields in the strait and have already tested out new ‘aerial drone’ technology, which US intelligence reports look reverse engineered from the drone that ‘crashed’ in Iran only weeks ago, under the command of Obama.

In anticipation of war, US oil-nation Saudi Arabia announced that it had signed a $30 billion contract to buy 84 new US fighter jets in in order to maximize its defense of America’s oil cache in that territory.

America has also vowed to strengthen Saudi Arabia by modernizing 70 existing warplanes, giving the nation ample munitions, spare parts, training and engineer oversight. While the moves are meant to send a clear message to Iran, many US analysts fear that Saudi Arabia may use the new weapons against America in a secret alliance with the Arab League of Muslim Brothers.

Despite sustaining hull damage in the missile attacks, to US peace keeping ships continue to stand ground immediately outside the sea zone Iran has declared ‘off limits’.

While the US Navy maintains it is not seeking conflict, the Iranian navy continues to flagrantly instigate a battle. Brigadier General Hossein Salami of the Elite Iran Revolutionary Guard against America spoke to the Fars news agency, stating, “There is no doubt that we can destroy the American ships and carry out offensive strategies to protect our vital interests and ensure our jihad is successful.”

Hossein continued to run his mouth: “The Americans are not qualified to give us permission (to build nuclear weapons or to attack other countries, like Israel) to carry out our military campaigns.” Equally emboldened, Iran’s navy chief Admiral Habibollah Savari chimed in, smirking during his interview: “Tell the United States it will be “really easy” to close the strait. Really easy. No oil for the Americans.”

#### Multilateralism is necessary to solve the impact – unilateral peacekeeping fails

**Dean, their author, 95** – Adviser on international security issues for the Union of Concerned Scientists [Dean, Jonathan. (Participated in East-West arms control negotiations and worked with U.N. peacekeepers in the field and in the State Department) “A stronger U.N. strengthens America,” Bulletin of the Atomic Scientists. Chicago: Mar 1995. Vol. 51, Iss. 2; pg. 45 Ebscohost)//EM

If this reasoning is accepted, the administration should decide on and publicly declare an explicit long-term policy of joining with other countries in seeking a gradual lowering of the level of armed conflict in the world through preventing a growing proportion of potential wars and curtailing wars when they do occur. This goal would be achieved by building an increasingly effective worldwide network of regional conflict-prevention and peacekeeping organizations headed by a more effective United Nations.

This is a long-term goal, not a prescription for the automatic intervention of the United Nations or regional security organizations in every conflict. President Clinton was right in pointing out that the current world peacekeeping system cannot take on all challenges. Moreover, it is sensible to have well-defined criteria to distinguish those situations where some form of outside intervention might help from situations where intervention might be very costly or unproductive. Nevertheless, the objective should be an international system that can increasingly do more--so that, in the long run, it would be called on to do less.

An administration proposal to lower the level of violence through multilateral efforts is the essential step. It should be complemented by a Security Council summit meeting of heads of state and by a special session of the General Assembly, with delegations led by heads of state, to provide the opportunity for a maximum number of countries to endorse this goal in a joint commitment.

Many specific actions would flow from such a commitment by the United States and most other governments. Among them would be systematic help to regional security institutions to build up their conflict-prevention and peacekeeping capabilities. (A corollary of this decision would be that maintaining the stature of multilateral security institutions like the United Nations and regional organizations against blows to their credibility would become a national security interest of all par cont. on p.53]governments.)

#### Multiple alt causes the aff can’t solve

**Mehta 8** – chair of action for UN renewal, chairman of Uniting for Peace organization (Vijay, How effective is the UN in Peacekeeping and mediating Conflict?, 3/27/08, [http://unitingforpeace.com/resources/speeches/How%20effective%20is%20the%20UN.pdf)//EM](http://unitingforpeace.com/resources/speeches/How%20effective%20is%20the%20UN.pdf%29//EM)

In order to become more effective in peacekeeping, the UN needs to take into consideration the following points:

 Reduce the stockpile of military hardware, nuclear weapons and small arms and resources devoted to conflicts. Article 26 of the UN Charter calls for promoting the establishment and maintenance of international peace and security with the least diversion for armaments of the world’s human and economic resources. Let’s work to close or convert the military industrial complex which lives on the need for endless wars.

 Strengthen the evolving concept of ‘Responsibility to Protect’ which asserts that the international community should intervene in countries where there is an overwhelming humanitarian problem and where the host country is incapable or unwilling to protect its own citizens.

 Reassert the principles of the Charter of the United Nations.

 Promote a culture of non-violence and non-killing for replacing the gun culture. It will ensure human survival and stop continued strife between religious and ethnic communities. Non-violence is an antidote to a culture of killing that pervades the 9 Earth. The task is challenging but for peace to prevail we have to reverse the trend of killing through hating violence, war, and mass psychological transformation for creating harmony, peace and love.

 Invest in giving peace education from children to adults all over the world. We need universal education to tackle global issues of wars, terrorism, poverty and climate change.

#### Peacekeeping empirically fails

**Mehta, 8** – chair of action for UN renewal (Vijay, 3/27/08, “How effective is the UN in Peacekeeping and mediating Conflict?” http://unitingforpeace.com/resources/speeches/How%20effective%20is%20the%20UN.pdf)//SL

The failure of peacekeeping operations in Rwanda, Somalia, Bosnia and now Darfur (Sudan), show how difficult it is to stop ethnic violence and to mediate in a very difficult and hopeless situation. The above tragedies shamed the world and lost respect for the UN and made the real task of making the organisation work, a difficult one. This was a time when UN peacekeeping was brought to chaos. The various military commanders involved wondered how diplomats who clearly did not understand the basic rules of peacekeeping were qualified to produce a haystack of resolutions in the Security Council leading to death and danger on the ground – all the decisions taken in secret session -- and no one held accountable.

#### Peacekeeping fails without an increase in funding

**Mehta, 8** – chair of action for UN renewal (Vijay, 3/27/08, “How effective is the UN in Peacekeeping and mediating Conflict?” http://unitingforpeace.com/resources/speeches/How%20effective%20is%20the%20UN.pdf)//SL

As for peacekeeping itself, the UN needs to be quicker and stronger. The age-old dream of a UN standing force is a long way off - indeed, it may never happen. But Member States should create strategic reserves- troops, police and finance that could be deployed rapidly in UN operations. For this to accomplish, UN budget for peacekeeping should be increased substantially.

#### Peacekeeping fails – Darfur proves lack of troops, western model fails in peacekeeping situation

**Gowan, 8** – coordinator of the International Security institutions program at the center on international cooperation, New York University, UN policy fellow at the European Council on Foreign Relations and an associate of the Foreign Policy Center in London (Richard, 7/21/2008, “Peacekeeping in crisis: exactly how bad is it?” <http://www.globaldashboard.org/2008/07/21/peacekeeping-in-crisis-exactly-how-bad-is-it/>)//SL

Yes, this is a real crisis. There is a school that argues that the UN is just being whiny. It has managed to field 100,000 peacekeepers worldwide, far beyond its own predictions – and half its problems result from its own bureaucratic inflexibility, not real threats on the ground. This is wrong. The UN does have many internal flaws, but it is being asked to go to too many places at once, including places where peacekeeping stands no chance… …like Darfur. I argue, contrary to some optimists (including myself in an earlier, happier incarnation), that Darfur presents the UN with a systemic crisis. Sudan’s success in blocking the deployment of a serious UN force for two years (and counting) has shown that its pretty easy to bring the UN to a halt, if you have sufficient political will and few morals. I pick up on David and Alex’s concept of “intentional systems disruption”, which involves bringing down a complex system by exploiting its most vulnerable points – in the case of Darfur, those vulnerabilities have been (i) the UN’s political reliance on winning consent for its operations, which Sudan has denied and (ii) its shortage of specialized assets like helicopters. My hunch (shared by a lot of UN officials) is that Darfur is a textbook for how to block a UN operation that will be used elsewhere, weakening the whole system’s credibility… …and yep, we see the UN’s vulnerabilities being exploited from the Congo to Afghanistan. Getting all theoretical, I talk about a paradigmatic crisis for the UN: the idea of large-scale, multi-dimensional UN missions overseeing countries stumbling out of conflict may have run out of road. That’s not only because nasty governments know how disrupt UN ops, but because the UN model for building liberal, democratic and Western-oriented regimes doesn’t make so much sense in a world defined by a fit of Western self-doubt.

### A2 Link Uniqueness

#### The Matsuda evidence is talking about grants for maritime projects in general – not your specific aff.

#### Here’s a link specific to Title XI

**Darcy, Welsh, and Marcus, 2009**—Engineering Duty Officer at US Navy, Professor of the Practice of Naval Construction and Engineering and Professor of Marine Systems (Joseph, Mark and Henry, “Short Sea Shipping: Barriers, Incentives and Feasibility of Truck Ferry”, MIT, June 2009, http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&ved=0CGcQFjAF&url=http%3A%2F%2Fdspace.mit.edu%2Fbitstream%2Fhandle%2F1721.1%2F49879%2F464231726.pdf%3Fsequence%3D1&ei=pRrhT6WvB8Oh0QWGyezZDA&usg=AFQjCNHtk\_8v9stCI1RMUYpvpx5\_z6xy4g)//NJain

In the not too distant past, ship owners and companies desiring to enter the sea shipping trade were able to raise capital privately and be aided by the Federal Government with a mortgage guarantee known as Title XI mortgage insurance. Title XI is a part of the Merchant Marine Act of 1936 that established the Federal Ship Financing Guarantee Program to assist private companies in obtaining financing for the construction of ships and the modernization of U.S. shipyards [37]. Where these guarantees are available, interest rates encountered are invariably lower for the shipowners. In the current political climate, however, the mortgage guarantees appear as none too subtle subsidies to the shipping industry. This is evidenced by the Maritime Administration’s reluctance to issue Title XI guarantees. Between 1985 and 1987, 129 Title XI defaults cost the government nearly $2B [37]. The Federal Credit Reform Act of 1990 imposed stricter requirements on the issuance of these guarantees, improving their performance until between 1998 and 2002, nine Title XI loans defaulted. These defaults combined with the “credit 43 crunch” and sub-prime loan failures, will most likely make lending requirements even more strict. Shipping incentives in the United States have had a semi-sordid past. Most recently (and most importantly since it is fresh in the mind of the government and lawmakers) the failure of American Classic Voyages was a black eye for MARAD which was required to complete a $367M obligation when a Title XI loan guarantee had to be settled in 2001 [38].

### Status Quo Solves

#### The status quo solves 100% of the aff – we just allocated almost $40 billion for Title XI

**SCA 6/19** – Shipbuilders Council of America (FY13 TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS BILL – MARITIME ADMINISTRATION HAC & SAC MARKS, 6/19/12, [http://www.shipbuilders.org/Portals/Shipbuilders/2012%20Weekly/FY13%20MARAD%20marks.pdf)//E](http://www.shipbuilders.org/Portals/Shipbuilders/2012%20Weekly/FY13%20MARAD%20marks.pdf%29//E)

The Maritime Guaranteed Loan program was established pursuant to title XI of the Merchant Marine Act of 1936. The program provides for a full faith and credit guarantee by the U.S. Government of debt obligations issued by: (1) U.S. or foreign ship‐owners for the purposes of financing or refinancing either U.S.‐flag vessels or eligible export vessels constructed, reconstructed, or reconditioned in U.S. shipyards; and (2) U.S. shipyards, for the purpose of financing advanced shipbuilding technology of privately owned general shipyard facilities located in the United States. Under the Federal Credit Reform Act of 1990, appropriations to cover the estimated costs of a project must be obtained prior to the issuance of any approvals for title XI financing. The Senate Appropriations Committee provides $38.8 million for the loan guarantee program, of which $3.8 million is directed for administrative expenses. This level of funding is $35 million more than the President’s budget request, to be used for the advancement of shipbuilding and sustainment of jobs. The House Appropriations Committee provides $3.8 million – the budget request – for administrative expenses of the program and will not endorse expansion of the program until the loan default rate is reduced to 8% or less.

#### Squo solves lack of ship production

**MARAD 5/19** – Maritime Administration (Transportation Secretary LaHood Announces $9.98 Million to Strengthen U.S. Shipyard Competitiveness, 5/19/12, http://www.marad.dot.gov/news\_room\_landing\_page/news\_releases\_summary/news\_release/MARAD\_03-12.htm)//EM

U.S. Transportation Secretary Ray LaHood today announced $9.98 million in grants to 15 small shipyards throughout the United States to pay for modernizations that will increase productivity and help the country’s small shipyards compete in the global marketplace.

“In cities and towns across America, shipyards are creating jobs and keeping our nation's economy growing," said Secretary LaHood. "These small shipyard grants reflect the Obama administration's commitment to strengthening our transportation systems and creating an economy that's built to last."

### States Solvency

#### States have empirically controlled marine transportation infrastructure

**U.S. Maritime Administration 09** (“America’s Ports and Intermodal Transportation System” January 2009 [http://www.glmri.org/downloads/Ports&IntermodalTransport.pdf](http://www.glmri.org/downloads/Ports%26IntermodalTransport.pdf)) //MGD

The development of America’s port system has been largely driven by an amalgam of state, local, and private stakeholders. At present, national transportation system planning activities do not uniformly consider the needs of the Marine Transportation System. Marine transportation and its supporting infrastructure have traditionally been the responsibility of state and local governments, and the private sector. Expanding and changing trade patterns require that Marine Transportation System planning be elevated to the national level with the appropriate incentives to integrate water transportation into the overall transportation system.

#### Federal action causes political in-fighting

**Ocean Commission 04** (“CHAPTER 13: SUPPORTING MARINE COMMERCE AND TRANSPORTATION”, Ocean Commission, September 19 2004, <http://www.oceancommission.gov/documents/prepub_report/chapter13.pdf>) //MGD

Federal Roles

Within the federal government, responsibility for marine commerce and transportation is spread among numerous agencies, primarily the U.S. Department of Transportation (DOT), U.S. Coast Guard, U.S. Army Corps of Engineers, NOAA, U.S. Customs and Border Protection, and EPA. These agencies have many roles, including vessel traffic management, national security, marine safety, waterway maintenance, environmental protection, and customs. In 2004, a National Research Council (NRC) report concluded that federal responsibilities for the marine transportation system are highly dispersed, decentralized, poorly coordinated, and do not correspond well with the structure and function of such system.13 Unlike the highway system, which is primarily the responsibility of DOT’s Federal Highway Administration, and the U.S. aviation system, which is the responsibility of DOT’s Federal Aviation Administration, the marine transportation system does not have a clearly defined lead federal agency. Statutory, regulatory, and policy differences among federal agencies with roles in marine transportation lead to fragmentation, competition, and in some cases, an inability to work collaboratively due to conflicting mandates. The NRC report was based on an analytical framework that examined four key federal interests: safety, security, commerce, and environmental protection. Federal policy makers can use this framework to identify critical needs within the system and target efforts to meet those needs most efficiently. National leadership and support will be needed to achieve better integration within the federal government, better links with the rest of the nation’s transportation infrastructure, and coordination between marine transportation and other important ocean and coastal uses and activities. The logical agency to assume this responsibility, as it does for the highway, aviation, and railway systems, is DOT.

#### State coalitions can solve

**Perakis and Denisis, 8** – \*SNAME Fellow, Office of Naval Research Distinguished Faculty Fellow, The Boeing Co Welliver Faculty Fellow, Naval Architecture & Marine Engineering, \*\*AND Department of Naval Architecture & Marine Engineering, University of Michigan, (Anastassios and Athanasios, “A survey of short sea shipping and its prospects in the USA” Marit. Pol. Mgmt., December 2008, Vol. 35, No. 6, 591–614, http://www.maritimeadvisors.com/pdf/Survey%20of%20SSS%20Prospects%20in%20the%20U.S..pdf)//MGD

Local and state authorities have also taken their own initiatives in promoting the idea of SSS. On the US east coast, the I-95 Corridor Coalition is an alliance of transportation agencies, 12 US east coast state departments of transportation, port authorities, private, and public organizations. Their main motivation is the alleviation of highway congestion and the negative environmental impact that the trade growth has caused in the region. The Coalition has developed several transportation projects with state and federal funding. A study, conducted by Cambridge Systematics Inc. for the coalition [26], investigated the current situation and the future opportunities for a modal shift from road mode to sea mode on the US east coast. The study is based on existing SSS services and extrapolates their results for future operations. The most important contribution of the study however, is that it tries to estimate the commodity flows and thus to identify any potential short sea market in the region. The authors used the Freight Analysis Framework, developed by the US FHWA, to quantify the commodity flows and highlight the trade corridors. The study did not include a cost-benefit analysis of the external and the total costs of such a modal shift. The authors also conducted a survey with interviews of transportation stakeholders in order to assess their interest on SSS. Overall, their findings show a positive attitude towards prospective short sea operations on the east coast. On the west coast, Westar Transport, a trucking firm, investigated the possibility of establishing a short sea service on the US west coast. They proposed a National Water Highway System with six ships that can carry 20% of the region’s general cargo volume. Their published white paper [27] is a description of the proposed operation, which consists of three short sea routes; a north to south ro-ro ship service, a southern and a northern barge service. All the services include commercial and military cargo. The paper gives no further information about the costs of these services.

#### States and local authorities can conduct their own studies

**Perakis and Denisis, 8** – \*SNAME Fellow, Office of Naval Research Distinguished Faculty Fellow, The Boeing Co Welliver Faculty Fellow, Naval Architecture & Marine Engineering, \*\*AND Department of Naval Architecture & Marine Engineering, University of Michigan, (Anastassios and Athanasios, “A survey of short sea shipping and its prospects in the USA” Marit. Pol. Mgmt., December 2008, Vol. 35, No. 6, 591–614, http://www.maritimeadvisors.com/pdf/Survey%20of%20SSS%20Prospects%20in%20the%20U.S..pdf)//MGD

Another study examined the potential of SSS on the Atlantic Coast of Canada and the north-eastern US [28]. The authors investigated the demand for short sea services and the forecasted cargo flows in the region. They also surveyed a group of shippers in order to determine the critical service requirements that SSS must fulfil. According to their survey, SSS should provide door-to-door services at a competitive price. There is also a strong need for policy changes from the governments of Canada and of the US, in order to make SSS more attractive to shippers. The study revealed marginal opportunities for new SSS services in the region. The case of SSS in Canada is examined, by the same authors, in their 2004 paper as well [29]. The paper describes in detail the regulatory limitations on SSS in North America, from both Canada and the US, which impede the growth of SSS. It also stresses the fundamental issues to be addressed, such as the role of governments in supporting potential short sea operations. Several port authorities have also conducted their own feasibility studies in order to test how suitable their ports are for future short sea businesses. The Port of Pittsburgh and the Port of Canaveral are two of them. In July 2003, the Port of Pittsburgh Commission completed an ambitious pre-feasibility study for a containeron-barge service that links river terminals from Pennsylvania to Brownsville, Texas and then to Monterey, Mexico. The University of Rhode Island conducted a study for converting a closed US Navy facility at Quonset, Rhode Island into a new container port. The Canaveral Port Authority performed a study in order to determine the possibility of success of future SSS operations [30]. This study includes a decision tool that sets weights on the various decision factors, which determine the possibility of a SSS in the Port of Canaveral. The decision factors are level-of-service indicators that can facilitate or hinder the establishment of a new short sea service. These weights were determined from previous studies and from one-on-one interviews with SSS stakeholders, i.e. decision makers. Based on the above methodology, a score was estimated, which indicates the probability of success for a new service in the region. The results showed that the Port of Canaveral is in a favourable position for the development of SSS services in the near future. One of the few published reports, which criticized the direct public funding of short sea services, is the study from the US Government Accountability Office (GAO) [31]. The GAO has conducted an independent review of SSS and its role in the US transportation system. Their area of interest is mainly the financing of SSS. GAO shows an unfavourable attitude towards the generous public funding of SSS and recommends a more systematic evaluation of public investments, based on detailed and rigorous cost–benefit analyses. GAO also proposes a variety of funding tools such as loans, loan guarantees, tax expenditures and joint private and public ventures for investing in port infrastructure and short sea ventures. The study raises one of the most important questions for the future of SSS, which is if federal funding is justified for the support of SSS.

#### States can solve SSS

**Decas et al, 10** - Director, Port of New Bedford, MA, and Chair of the GMU Consortium Project Advisory Committee (Kristin, “Short Sea Shipping U.S. Team Visit to Germany”, August 10-13, 2010
Organized for the GMU Consortium by the German Aerospace and Transportation
Institute (DLR) and the German Ministry of Transportation” 8-10-2010,[http://eastfire.gmu.edu/Marine\_Highway\_Freight\_System/document/German\_Visit\_Report\_Final.pdf)//MGD](http://eastfire.gmu.edu/Marine_Highway_Freight_System/document/German_Visit_Report_Final.pdf%29/MGD)

Short sea shipping systems seem to work very well across a body of water where there is no convenient highway alternative. A high degree of promotional efforts and incentives are needed for sustaining short sea shipping. Prior to the formation of the EU, short sea shipping was favored for its ability to bypass multiple, cumbersome customs jurisdictions crossing borders within Europe. Under the EU, the jurisdictional issues have been reduced, encouraging an increase in the trucking mode. This situation deserves careful study, in the context of expanding short sea shipping in Europe with the primary goal similar to marine highways in the United States. The visit gave the U.S team the opportunity to gain a firsthand knowledge of steps taken in Germany and other European partners in promoting short sea shipping. Europe has a well-balanced base in providing outreach on short sea shipping through a combination of public-private outreach, direct involvement by federal agencies, national promotion centers dedicated for short sea shipping and the European Union initiatives in research. The U.S. team finds that a reasonable and responsible growth in marine highways (short sea shipping) in the United States can only be achieved by developing an information base on benefits of marine highways and investing in promotion and outreach to shippers, transport firms, policy makers, state and local agencies and the general public. Adopting the German model on promotion and outreach for marine highways would very likely serve well for the United States.

#### States solve marine highways

**CSG, 10** – Capitol Research Association (The Council Of State Governments, “Green Freight Transportation”, Nov. 2010, [http://knowledgecenter.csg.org/drupal/system/files/CR\_GreenFreight\_0.pdf)//MGD](http://knowledgecenter.csg.org/drupal/system/files/CR_GreenFreight_0.pdf%29//MGD)

**State governments have many opportunities to enact policies** and support federal initiatives as well as industry efforts **to make** freight **transportation** greener. • Freight transportation accounts for 9 percent of total greenhouse gas emissions. In terms of transportation-related greenhouse gas emissions, freight trucks account for 19.2 percent, marine vessels 5 percent and freight rail 2 percent. Over the last 20 years, greenhouse gas emissions from medium- and heavy-duty trucks increased 77 percent. • Truck idling consumes nearly 1 billion gallons of diesel fuel annually and produces 11 million tons of CO2 • A train can haul as much freight as 280 trucks and move a ton of freight an average of 457 miles on one gallon of diesel fuel. But, primarily due to decades of freight rail industry consolidation and the abandonment of rail lines, trucks are still the only available method for delivering freight for 80 percent of American communities. • **The U.S. currently lacks a national strategic freight program to provide dedicated federal funding to states, regions or ports to solve freight bottlenecks and improve freight operations**. The American Recovery and Reinvestment Act with its TIGER (Transportation Investment Generating Economic Recovery) competitive grant program did fund nine freight rail projects, which will help get thousands of freight trucks off the road. • Key strategies for reducing freight transportation’s contribution to greenhouse gas emissions include: reducing the rate of fuel consumption to enhance vehicle efﬁciency, reducing congestion and delay, reducing the carbon content of fuel, managing travel demand and expanding travel options. • Strategies to reduce congestion and delay include: eliminating bottlenecks, improving trafﬁc management, improving signal timing, implementing electronic toll collection and providing real-time trafﬁc information. • Freight-speciﬁc strategies for reducing growth in travel include: providing more modal options such as increased use of freight rail, coastal barge and short-sea shipping; alleviating freight-speciﬁc bottlenecks such as those near seaports and airports; reducing truck idling through anti-idling ordinances and truck stop electriﬁcation; and reducing the number of empty backhauls by trucks. • Twenty-eight states and Washington, D.C., have maximum idling times for trucks. **State government agencies can also help to promote and provide education** on anti-idling practices. A number of federal and state **programs also offer incentives and funding f**or idling reduction projects. • Biodiesel blends and electricity will likely prove to be the most viable renewable and alternative fuels for the freight sector. • Web-based tools that measure congestion on freight routes, electronic tolling and truck-only toll lanes could increase freight mobility and limit emissions. • The U.S. will need to move 88 percent more freight by rail by 2035.That means railroads will have to expand and upgrade facilities to increase capacity and eliminate bottlenecks. **Governments can assist with** tax **incentives for expansion projects and by forming public-private partnerships to share the risks**. • Although freight rail is much less of a contributor to greenhouse gas emissions than other modes, rail companies are replacing older equipment and experimenting with alternative fuels. • Under a new federal regulation, **regional transportation ofﬁcials will now be able to apply to have speciﬁc waterways and individual projects designated as marine highways** if they meet certain criteria. The Maritime Administration is working to identify rivers and coastal routes that could carry cargo and help establish a short-sea transportation network. **They are also helping to identify potential freight and passenger markets** along the routes.

### Solvency Evidence

#### Multiple barriers to SSS solvency

**Paixao and Marlow, 2002** – (A.C. & P.B., “Strengths and weaknesses of short sea shipping”, SciVerse, 24 January 2002, http://dl2af5jf3e.scholar.serialssolutions.com.proxy.lib.umich.edu/?sid=google&auinit=AC&aulast=Paix%C3%A3o&atitle=Strengths+and+weaknesses+of+short+sea+shipping&title=Marine+policy&volume=26&issue=3&date=2002&spage=167&issn=0308-597X)

4. The weaknesses of short sea shipping

Although the previous section discussed the advantages of SSS, the sector has still to overcome several shortcomings, whose importance outweighs those qualities presented so far. Due to the nature of SSS, this mode can hardly offer a door-to-door transport service, the exception being for liquid and dry bulk cargoes, which often are delivered to dedicated and private terminals. This disadvantage arises from SSS being part of a broken chain. Therefore, to complete a door-to door service, SSS requires the collaboration of rail and/ or road modes for the pre- and end-carriage (collection and delivery) legs, not to mention the use of dedicated terminals and a network of well-located inland terminals. The approach made by the European Commission in developing a policy on infrastructure levels which has resulted in the trans-European networks (TENs), although an important step towards the integration of SSS in multimodal/intermodal transport systems, is not enough. Therefore the implementation of an organisational culture by shipping companies is important towards the development of a corporate structure which reﬂects itself in the new strategies and consequently best practices that will contribute to improving SSS operations and to focus more on customer service. Ports and/or terminal operators must carefully plan the development of a port/dedicated terminal layout so that its operations can be carried out in the smoothest way possible and therefore eliminate all sorts of wastes and associated friction costs found in a port environment, which extend to the whole network. This helps to reduce the overall transit time of cargoes, which in certain trade routes is considerable longer when compared to unimodal transport, namely road-haulage. To this should be added the additional inventory costs, which results in opportunity costs for shippers and which increase total logistics costs (transport cost + value of time), and is the reason why shippers decide to choose unimodal transport rather than multimodal/ intermodal forms. Despite this drawback, studies have shown that shippers would be prepared to revise their decisions if SSS rates (including land rates) were 35% less than the cost of transport performed by road only, to offset the additional inventory costs in the logistics pipeline [37]. Although this may be seen as an opportunity for increasing market share, it is an unfair situation since, of all the transport modes, maritime transport is the one that has already internalised its external costs. The lack of a level playing ﬁeld in the internalisation of transport external costs by other modes creates an artiﬁcial demand for mainly road transport. If other modes proceeded accordingly this difference of 35% would be reduced considerably, therefore all modes of transport would be working on an even playing ﬁeld. Contributing to the opportunity costs is the lack of integration between seaborne and surface modes of transport either in terms of interconnectivity, interoperability or compatibility of information technology/ information systems (IT/IS), which increases the lack of ﬂexibility compared to road-haulage. Road-haulage vehicle capacity provides for frequent departures/deliveries on a regular basis as required by time-based logistics strategies and that makes road the performance benchmark of the transport industry. Therefore, the implementation of the lean port concept would contribute to reducing this gap since it is developed on JIT, ﬂexibility of operations, TQM and teamwork issues, among other concepts. The lack of ﬂexibility raises other problems as well. For shippers to beneﬁt from the economies of scale and distance offered by this mode, SSS critical mass increases considerably when compared to road and rail which implies the use of small mobile units which diminish the advantages of economies of scale but increase considerably its economies of scope. This is easily understood when one truck can load an average weight of 40 tonnes, a 15 wagon dedicated block train and a 40-wagon freight train weigh up to 1000 tonnes and between 2500 and 3000 tonnes, respectively. This lack of ﬂexibility in terms of service departures/ arrivals, also results in SSS incurring additional costs deriving from the use of expensive infrastructures, namely seaports and dry ports, and cargo handling costs as a result of indirect cargo transfer operations, whose performance is critical for the success or failure of this mode’s integration with multimodal/intermodal transport systems. These handling costs embrace expenses incurred at both physical and informational levels. Two crucial expenses are identiﬁed as a result of a number of wastes within the present working processes. The ﬁrst one is the costs incurred in double handling and in the storage of goods, due to the inefﬁciency of the ﬂows, until cargo is despatched to its ﬁnal destination. Storage is known for not creating value and so any capital tied up in it prevents the shipper and/or receiver from making use of it in other investments that could render proﬁt to the organisation and from meeting their customers’ requirements faster. The second is the amount of paper work required. A recent study has demonstrated that the documentary procedures required for road transport are far less than the ones required for SSS. The considerable number of documents, processed every time a ship goes into port, which can be seen in the publication Guide to Port Entry, gives a fairly good idea of the amount of bureaucracy that SSS has to overcome, despite the introduction of the cargo form T2L which can contribute to streamlining the movement of cargo within the Single European Market [4,38].This amount of documentation can be classiﬁed into ﬁve different groups, navigation control, cargo operations, reporting in and clearance outwards, checks on ship safety, and cargo declaration and clearance [38].This study also illustrates the existence of non-harmonised procedures in all the ports belonging to 14 different trade routes [35] which form part of the eight potential trade corridors as identiﬁed by the Commission of the European Communities. These trade corridors are Spain/Portugal–Germany, Spain–UK, Portugal–UK, Benelux/Germany– Scandinavian Countries, Italy/Greece–UK/Ireland, Italy–Danube Countries, Benelux/Germany–UK/Ireland, and Benelux/Germany–Black Sea Region [2]. Moreover, the time a ship stays in port depends on certain circumstances. If the port is an inland/river port, supplementary safety navigational procedures have to be taken into consideration. The port of Antwerp in Belgium comes out as a good example of such a situation. It takes almost 1 day to ply the river since speed is seen as crucial for the safety of navigation and pollution prevention as well. The concept of safety speed is an important one since if fast ships are introduced into the movement of goods their advantages will cease to exist unless these ships avoid calling at these ports [39]. The lack of good or missing rail links and road accessibilities often stops the development of strategic partnerships with other transport operators, namely rail, and the planning of direct discharge operations that contribute to the development of efﬁcient intermodal/ combined services. The lack of implementation of compatible systems and the inefﬁcient use of IT/IS [40] contribute to the low speed of port operations and the overall inefﬁciency of ships’ operation. Moreover, the complex hierarchical structure of ports in general contributes to the lack of empowerment of their labour to make decisions that immediately could reduce, or eliminate in the best case, any sort of bottlenecks. Unless such decisions are made the performance of SSS in request of transit times, punctuality, ﬂexibility, availability and frequency of services, the timing of departures and arrivals, reliability and control will be very poor and solutions for the encountered daily problems to smooth the ﬂow of goods will be difﬁcult as these performance indicators will inﬂuence whether to use intermodal transport or not [41]. It follows from the previous paragraphs that a classiﬁcation of ports is needed to provide support information on which to base the development of more efﬁcient multimodal transport services. The development of fourth generation ports based on new management philosophies that support other industry sectors may develop as the approach to solve partly the logistics of SSS, which in this case are pure port logistics issues. Other disadvantages of SSS can also be seen inside the port environment. This embraces the lack of port capacity, which may be expressed in terms of quay length or number of berths, to accommodate several ships at the same time, thus obliging ships to queue before being served. Other port related drawbacks include the lack of adequate cargo handling equipment and sometimes the misuse of handling equipment, downtime associated with maintenance and the level of technology employed since cargo comes in a range of shapes and sizes. Putting all these factors together results in lower handling rates and associated cost increases, which are further emphasised by the lack of transparency in the port charges. Port charges in short trades, including transfer costs, represent about 70–80% of the total transport cost [2,33]. The lack of visibility and transparency of tariffs charged to shipping companies also raises some problems that hinder the identiﬁcation of the true port costs as well as the comparison of costs between ports at ﬁscal and economic levels [42]. It must be realised that the implementation of new port logistics strategies can only contribute to a better quality and cost-effective port logistics operations. As such, the lack of information transfer between shipowners and ports, which besides costs transparency concerns the requirements of shipping companies calling at the ports, results in ports not knowing what and how port planning should be carried out to meet the future needs of customers’ requirements, which are the ﬁnal end users of the logistic chain. From a marketing viewpoint, these drawbacks result in low levels of reliability and the lack of service performance indicators (SPI) such as the ones developed for the air industry [43] is seen as a negative point, which contributes to a poor image of SSS as a whole. Therefore, SPI should go beyond the traditional performance indicators that embrace the importance of maritime transport in the gross domestic product (GDP), the number of people involved in the sector, the number of ship movements and its evolution, the amount of cargo handled, either in terms of value, quantity and type, shipping companies calling at the port and the type of services or even the ones proposed by the United Nations Conference on Trade and Development (UNCTAD) [44]. SPI should take into consideration other issues such as timeliness, consignment care, compliance and corporate efﬁciency [43]. Likewise, freight forwarders tend to neglect the image of shipping operations, advertising SSS services as operating under very traditional and old-fashioned environments or even, because the approach made by shipping companies in marketing their services has not been the right one, leading freight forwarders to ignore them. This situation is explained by two aspects. The ﬁrst one relates to the unavailability of precise and comprehensive market information that prevents the development of intermodal services and long-term relationships with customers, as these offer competitive advantage, as happens with other modes of transport [41]. The second aspect relates to the entrepreneurial attitude of SSS operators, which is expressed in the lack of a corporate culture and structure. This calls for the development of a strong strategic marketing plan, based on a customer relationship management approach, which embraces short sea operators and ports involved in these trades, and where marketing campaigns, focused on value added top products/services and the use of marketing mix, are extremely important to counteract the negative brand image of SSS. To these problems the following difﬁculties should be added: a rather passive movement of shipping companies towards new marketing strategies embracing customer service, growth, and new transport concepts (innovation), partnerships, alliances with other mode operators, an inappropriately organised position in the transport market, the non-existence of a compatible infostructure [45] and the age of vessels used in SSS. Øvrebo (1969) in a study carried out on SSS and coastal tramp shipping in Europe had found out that this ﬂeet is characterised by an uneven age distribution and that many of the ships employed fall within an extreme age category as ships are either very old or very new [46]. Unfortunately, this was conﬁrmed by a recent study carried out on the environmental proﬁle of SSS where ships between 20 and 40 years old were being engaged in the transport of different cargoes [42,47]. In fact, these deﬁciencies help to explain the characterisation of SSS made by Vangunsteren et al.(1993) who consider that SSS results from the individual and entrepreneurial abilities of shipowners rather than from professional and goal seeking attitudes since, by working alone, SSS shipowners cannot meet the ever more customised and demanding requirements of shippers working in pull supply chains [48]. Other barriers do exist which cross the border of the simple, functional, and operational areas. For instance, the non-availability of reliable statistics, identiﬁed by Peeters (1993) as a delicate matter [14], creates severe problems for transport operators wishing to develop a precise market analysis embracing the identiﬁcation of the potential/niche markets for the integration of this mode in the intermodal transport chains and the introduction of new services. Derived from previous market analysis is the well-known fact of trade imbalance between Northern and Southern European ports, which makes it difﬁcult to keep transport costs low, as vessels do not operate at full capacity, and which Voionmaa (1997) deﬁnes as a thin trade [19]. Last but not least the following additional barriers should be overcome. Firstly, the restrictive labour hours and labour conﬂicts, which affect terminal working hours and whose impact on the ship’s stay in port is huge both in terms of time and costs. Secondly, the different contractual liabilities existing in the different transport modes, which may call for the development of an effective transport system liability regime. Thirdly the lack of competitiveness of SSS over short distances usually covered by road. The study carried out by Marchal (1994) is a good example of this situation, even if it applies to sea–river ships [34]. Finally, a list of shortcomings can be drawn up embracing insufﬁcient trafﬁc coordination, managerial problems, delays caused by locks and low bridges, and lack of adequate storage facilities [12], weak communication links between customers and shippers, limited integration of operational and internal planning, lack of externally oriented information systems, and poor implementation of TQM initiatives to improve customer service [49]. Therefore, it can be said that SSS disadvantages lie in the areas of port operations, corporate culture and structure, innovation, information technology/information systems, marketing and customer service approaches.

#### No solvency - extra port linkage costs

**Savannah, 9** – Savannah now, morning news, a web site that joins with the Savannah Morning News in a mission of helping build a stronger community (Associated Press Staff Writer, 3/27/2009, “Relief for I-95,” http://www.greenships.org/Media%20and%20Publications/MarineHighwayBillOverview.pdf)//SL

In contrast, widening the proposed 710 freeway that links the ports of Long Beach and Los Angeles is projected to cost $5.5 billion; a great deal more than the $165 million in taxpayer guarantees for the construction of an entire fleet of 66 ships.

#### No solvency – five reasons

**Savannah, 9** – Savannah now, morning news, a web site that joins with the Savannah Morning News in a mission of helping build a stronger community (Associated Press Staff Writer, 3/27/2009, “Relief for I-95,” http://www.greenships.org/Media%20and%20Publications/MarineHighwayBillOverview.pdf)//SL

Aside from the funding, the Title XI program needs to be modernized to support national shipbuilding and economic development by: • Rewriting the authorization to include terminal and port upgrade guarantees that allow ports and terminal operators to buy cranes and other cargo-handling equipment to meet the cargo demand from new ships • Allowing for cash flow to take precedence over debt-to-equity ratios for loan approvals to accommodate start-up carriers that can demonstrate stable long-term customer contracts • Ensuring 3-month approvals or rejections by designing a streamlined, on-line application process. Loan processing can currently take over 18 months and require expensive legal services • Marketing fuel-efficient ships to companies, such as JB Hunt and Wal-Mart, based on their need to reduce trucking costs and support green/low carbon initiatives • Specifying that loan applicants must demonstrate that trucks will be taken off U.S. roads and highways and their cargo moved onto more fuel-efficient ships

#### Multiple barriers to solvency – 10 warrants

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

Despite the anticipated benefits, market potential, the conceptual potential of AMH as a complimentary mode within the existing domestic freight intermodal network, there has not been significant progress towards diverting cargo to Marine Highways. Figure 2 summarizes the current state of America’s Marine Highways as we understand it. Economic aspect: Not perceived to be competitive with trucks. Incentives need to be put in place that reflect external benefits of AMH and true costs of trucking. Political (federal) aspect: Public Law 110-140 authorized American Marine Highways Program in MARAD. No appropriations to date. Signs that Harbor Maintenance Tax (HMT) will be removed for AMH. Need Title XI revitalization for AMH. Political (State and Local) aspect: AMH not yet being considered as part of Transportation Improvement Plans. Need integration of maritime into overall goods movement strategies. Shippers and Logistics aspect: Marine Highways not perceived as a feasible alternative mode to truck and rail. Need to identify and document the needs of shippers and logistics providers and demonstrate how AMH can meet these needs. Vessel Operators aspect: Successes with container feeder services to date. Limited investment to move AMH forward for trailers. Need to engage trucking companies and logistics providers as partners to move forward with domestic freight AMH. Ports aspect: Primary ports perceive AMH to increase their congestion and emissions problems. Cost to leave terminals too high. Secondary terminals eager to increase business but drayage costs can price them out of the market. Need support of State, Local, and Federal government to facilitate access. Labor aspect: Signs that labor is ready to negotiate favorable rates for AHM. Need to establish rates that support viable AMH. U.S. Shipbuilders aspect: Ready to construct AMH vessels to fill gaps, but will not work on speculation. Need to work closely with potential operators to drive down the cost of U.S. built AMH vessels. Public aspects: Limited awareness of the potential benefits of AMH. Need marketing campaign. Environmental aspects: Trucks projected to be very clean by 2012. Vessel emissions highly dependent on choice of fuel and vessel speed. Ship operators can employ emissions mitigation technology for net reductions compared to trucks, however issues of re-distribution of emissions from inland to coastal communities are a roadblock to acceptance.

### A2 Shipbuilding Industry

#### Shipbuilding industry resilient – history proves no impact

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

AMH has always existed as a form of transport in the U.S. Early American colonists stayed connected to other settlements to trade and barter goods using ships that moved up and down what is now the New England coast. The report, “America’s Deep Blue Highway,” by the Tufts Fletcher School in September 2008, talks extensively about how early coastal shipping had a binding influence within a young nation. Shipping goods between ports created towns that grew into cities. Maritime transportation was a critical element of the country’s prosperity and security well into the 20 th century, as evidenced by the passage of the Merchant Marine act of 1936, more commonly known as the Jones Act today. Coastal shipping was the most efficient way to move goods and passengers until authorization of the Interstate Highway system by President Eisenhower in 1956 and the construction that followed. Implementing the Jones Act was a way to protect U.S. operators in the domestic trades while providing U.S. flag vessel capacity to the military in time of war or national emergency. By requiring that domestic cargo move on a U.S.-owned, U.S.-built and U.S.-crewed vessel, the Jones Act further protected the U.S. shipbuilding industry and U.S. merchant mariners from foreign competition.

#### No production security for shipbuilders – USFG proves

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

The larger challenge for shipbuilding in the United States is the ability to secure series production. Ship owners, including the U.S. Government, have preferred to have highly specialized vessels in limited quantities. When producing any item in limited amounts, manufacturers struggle to reach maximum benefit through process learning and supply chain advantage. The cost of vessels will decrease as the volume of vessels built in US shipyards goes up.

#### Alt cause – Japan, Korea, and China shipyards produce 15 times more per year

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

The cost of labor in the U.S. is also not a prohibitive factor in the overall cost of a U.S. built vessel. The U.S. ranks third or fourth in the cost of labor compared to other key shipbuilding nations, as illustrated in Figure 7. When compared to world-class shipyards, the key differential in shipbuilding cost is volume. Korean, Japanese and Chinese shipyards are delivering between 50 and 80 large ships per year, on average. By contrast, U.S. yards are only delivering an average of three to five large ships, in total, per year.

#### Maritime power unmatched– shipbuilding industry resilient

**Batsford et all. 11** – The industrial College of the Armed Forces, CDR Marc Batsford, Canadian Navy, Ms. Olivia Bradley, department of the Navy, CAPT Alan Cusi, Philippine Navy, Mr. Juan Figueroa, Dept of Homeland Security, CAPT Scott Galbreaith, US Navy, LtCol Stephen Jost, US Air Force, CDR Chris Mitchell, Canadian Navy, Mr. Mike Resnick, US Marine Corps, Mr. Bryan Riley, Bell Helicopter – Textron, LtCol R.L. Shea, US Marine Corps, CDR Paul Steinbrenner, US Navy, Mr. Andrew Squire, Esq. US Coast Guard, CDR Brett Stevens, US Navy, LTC Rob Wiley, US Army Reserve, Dr. Mark Montroll, Faculty, Dr Linda Brandt, Faculty, Dr. Seth Weissman, Faculty, VADM James Perkins (Ret), Faculty (Spring 2011, “Shipbuilding Industry,” http://www.ndu.edu/icaf/programs/academic/industry/reports/2011/pdf/icaf-is-report-shipbuilding-2011.pdf)//SL

No other nation projects maritime power on the same scale as the United States. Many nations are dependent upon the US to assure allies, dissuade potential adversaries, respond to crises, and protect global trade. In spite of recent debate about its future as a global leader, the US remains, and is projected to remain, a leader in maritime security and naval presence. America‘s ability to retain this unique capability depends upon its defense industrial base to build the world‘s most advanced navy and coast guard. Given the unquestionable superiority of the US maritime force, it is clear that the defense shipbuilding industry has historically succeeded in its mission. However, as the US grapples with its growing debt and increasing domestic budget requirements, the crucial question emerges: what changes should the US government make now to ensure it sustains the ability to build a powerful, yet affordable, maritime fleet?

#### Shipbuilding industry more powerful than ever – best in the world

**Batsford et all. 11** – The industrial College of the Armed Forces, CDR Marc Batsford, Canadian Navy, Ms. Olivia Bradley, department of the Navy, CAPT Alan Cusi, Philippine Navy, Mr. Juan Figueroa, Dept of Homeland Security, CAPT Scott Galbreaith, US Navy, LtCol Stephen Jost, US Air Force, CDR Chris Mitchell, Canadian Navy, Mr. Mike Resnick, US Marine Corps, Mr. Bryan Riley, Bell Helicopter – Textron, LtCol R.L. Shea, US Marine Corps, CDR Paul Steinbrenner, US Navy, Mr. Andrew Squire, Esq. US Coast Guard, CDR Brett Stevens, US Navy, LTC Rob Wiley, US Army Reserve, Dr. Mark Montroll, Faculty, Dr Linda Brandt, Faculty, Dr. Seth Weissman, Faculty, VADM James Perkins (Ret), Faculty (Spring 2011, “Shipbuilding Industry,” http://www.ndu.edu/icaf/programs/academic/industry/reports/2011/pdf/icaf-is-report-shipbuilding-2011.pdf)//SL

US warships are acknowledged to be the best in the world. The American fleet is capable of missions centered on influencing events ashore by countering both land- and sea-based military forces of potential regional threats—including non-state terrorist organizations—using world class precision-guided air delivered weapons, tomahawk-capable ships, sophisticated C4ISR systems and networks, and unmanned vehicles.2 Clearly, defense shipbuilding remains a key element of our military instrument of power, making the viability of the shipbuilding and repair industry a vital national security interest.

#### No economic solvency – maintenance and repair costs

**Batsford et all. 11** – The industrial College of the Armed Forces, CDR Marc Batsford, Canadian Navy, Ms. Olivia Bradley, department of the Navy, CAPT Alan Cusi, Philippine Navy, Mr. Juan Figueroa, Dept of Homeland Security, CAPT Scott Galbreaith, US Navy, LtCol Stephen Jost, US Air Force, CDR Chris Mitchell, Canadian Navy, Mr. Mike Resnick, US Marine Corps, Mr. Bryan Riley, Bell Helicopter – Textron, LtCol R.L. Shea, US Marine Corps, CDR Paul Steinbrenner, US Navy, Mr. Andrew Squire, Esq. US Coast Guard, CDR Brett Stevens, US Navy, LTC Rob Wiley, US Army Reserve, Dr. Mark Montroll, Faculty, Dr Linda Brandt, Faculty, Dr. Seth Weissman, Faculty, VADM James Perkins (Ret), Faculty (Spring 2011, “Shipbuilding Industry,” http://www.ndu.edu/icaf/programs/academic/industry/reports/2011/pdf/icaf-is-report-shipbuilding-2011.pdf)//SL

Ship Service Life. ―For every dollar the Navy spends on buying a new ship, it pays an average of two dollars to operate and maintain the vessel throughout its 35-year service life.‖41 Maintenance and repair of vessels is growing in importance as the Navy seeks to extend ship service lives by five years. Historically, however, the contrary has been the norm; the Navy used to retire its surface combatants 10 to 15 years before the end of their expected service lives.42 Although not the only factor, maintenance is one determinant of whether or not a ship will remain in service for its entire expected life. Sustainability, maintainability, and affordability design considerations account for 75% of the lifecycle costs of a ship.43 These factors in the design stage of shipbuilding significantly impact whether or not ships reach or extend their service lives and influence how long a ship is out of service for regular maintenance. With increased pressure on defense budgets and longer times in between builds, 35-year service lives may not be practical in the future. As an example, the LHA AMERICA is currently under production with a design service life of 35 years but based on the current shipbuilding plan, it will need to remain in service for 55 years—how the America is designed, built, and maintained will be a significant factor in achieving this longevity until her replacement is built.

#### US is currently unchallenged

**Batsford et all. 11** – The industrial College of the Armed Forces, CDR Marc Batsford, Canadian Navy, Ms. Olivia Bradley, department of the Navy, CAPT Alan Cusi, Philippine Navy, Mr. Juan Figueroa, Dept of Homeland Security, CAPT Scott Galbreaith, US Navy, LtCol Stephen Jost, US Air Force, CDR Chris Mitchell, Canadian Navy, Mr. Mike Resnick, US Marine Corps, Mr. Bryan Riley, Bell Helicopter – Textron, LtCol R.L. Shea, US Marine Corps, CDR Paul Steinbrenner, US Navy, Mr. Andrew Squire, Esq. US Coast Guard, CDR Brett Stevens, US Navy, LTC Rob Wiley, US Army Reserve, Dr. Mark Montroll, Faculty, Dr Linda Brandt, Faculty, Dr. Seth Weissman, Faculty, VADM James Perkins (Ret), Faculty (Spring 2011, “Shipbuilding Industry,” http://www.ndu.edu/icaf/programs/academic/industry/reports/2011/pdf/icaf-is-report-shipbuilding-2011.pdf)//SL

Currently, the US faces no near peer competitor with regards to projecting maritime power. The current and future security environment demands that the US remain engaged in assuring allies, dissuading potential adversaries, responding to crises, and protecting global trade. Through its ability to design, produce, and maintain its sea services, the US maintains its global reach and power. Unfortunately, the excess capacity of the US defense shipbuilding industry and a continued desire for competitiveness in federal acquisition practices create tensions that must be mitigated if the fleet is to be affordable in the long-term.

#### Cost overruns undermine solvency – 16% more than estimated

**O’Rourke, 12** – Specialist in Naval Affairs, report for the Congressional Research Service (Ronald, 6/14/12, “Navy Force Structure and Shipbuilding Plans:

Background and Issues for Congress,” http://www.fas.org/sgp/crs/weapons/RL32665.pdf)//SL

In recent years, the Congressional Budget Office (CBO) has estimated that certain Navy ships would be more expensive to procure than the Navy estimates, and consequently that the Navy’s 30-year shipbuilding plan would cost more to implement than the Navy has estimated. CBO is currently preparing its estimate of the cost of the FY2013 30-year shipbuilding plan. In its June 2011 report on the cost of the FY2012 30-year plan, CBO estimated that the plan would cost an average of $18.0 billion per year in constant FY2011 dollars to implement, or about 16% more than the Navy estimated. CBO’s estimate was about 7% higher than the Navy’s estimate for the first 10 years of the plan, about 10% higher than the Navy’s estimate for the second 10 years of the plan, and about 31% higher than the Navy’s estimate for the final 10 years of the plan. 12 Some of the difference between CBO’s estimate and the Navy’s estimate, particularly in the latter years of the plan, was due to a difference between CBO and the Navy in how to treat inflation in Navy shipbuilding. Table 6 summarizes the Navy and CBO estimates of the FY2012 30-year shipbuilding plan, as presented in the June 2011 CBO report.

#### O’Rourke’s report proves shipbuilding fails – no money, Aegis solves, based on historically irrelevant data

**Grant, 10** – Associated Press Staff Writer reporting on Ronald O’Rourke’s release to the Congressional Research Serice (Greg, 08/2010, “Naval Analyst Ron O’Rourke Releases Updated Shipbuilding Assessment,” http://defensetech.org/2010/08/17/naval-analyst-ron-o%E2%80%99rourke-releases-updated-shipbuilding-assessment/)//SL

The Congressional Research Service’s excellent and prolific naval analyst Ron O’Rourke is out with an updated report today looking at the Navy’s shipbuilding plan; the report also looks at a number of the proposed alternatives to the Navy’s plan including the Independent Panel Assessment of the 2010 QDR (which I derided). As O’Rourke points out, the Navy’s FY2011 budget keeps the goal of a 313 ship battle fleet. Yet, the service’s 30 year shipbuilding plan includes 276 ships and does not reach the 313 ship goal. Additionally, the Navy estimates its 30 year plan requires an average of $16 billion per year; a recent Congressional Budget Office analysis of the plan puts the figure closer to $19 billion. CBO says: “If the Navy receives the same amount of funding for ship construction in the next 30 years as it has over the past three decades—an average of about $15 billion a year in 2010 dollars—it will not be able to afford all of the purchases in the 2011 plan.” Other question marks stand out. O’Rourke asks whether Defense Secretary Robert Gates endorses the 313 ship plan as the 2010 QDR doesn’t establish specific force level requirements. Also, the Navy says it is undertaking a force structure assessment that might produce a new battle fleet goal. Additionally, O’Rourke asks whether the demand signal for ballistic missile defense ships in Europe and elsewhere is adequately met by a force of 88 Aegis equipped cruisers and destroyers. O’Rourke notes that in its recommendations for a larger, 346 ship Navy, the QDR Independent Panel Assessment cited the 1993 Bottom-Up Review (see Table C-1). While O’Rourke doesn’t comment specifically on the panel’s recommendations, he adds Gates’ comments on the panel’s report from an August 11 letter to Congress: “I completely agree with the Panel that a strong navy is essential; however, I disagree with the Panel’s recommendation that DoD should establish the 1993 Bottom Up Review’s (BUR’s) fleet of 346 ships as the objective target. That number was a simple projection of the then-planned size of [the] Navy in FY 1999, not a reflection of 21st century, steady-state requirements. The fleet described in the 2010 QDR report, with its overall target of 313 to 323 ships, has roughly the same number of aircraft carriers, nuclear-powered attack submarines, surface combatants, mine warfare vessels, and amphibious ships as the larger BUR fleet. The main difference between the two fleets is in the numbers of combat logistics, mobile logistics, and support ships. Although it is true that the 2010 fleet includes fewer of these ships, they are all now more efficiently manned and operated by the Military Sealift Command and meet all of DoD’s requirements….”

#### Alt cause – declining industrial base

**Grant, 8** – Associated Press Staff Writer for DOD Buzz (Greg, 12/15/08, “America’s disappearing industrial base,” [http://www.dodbuzz.com/2008/12/15/americas-fast-declining-industrial-base/)//SL](http://www.dodbuzz.com/2008/12/15/americas-fast-declining-industrial-base/%29//SL)

Thompson lists some deeply troubling data on the decline of American manufacturing. When Ronald Reagan took office in 1981, manufacturing made up nearly 25 percent of the economy, compared to 12 percent today. Today, one third of our manufactured goods come from overseas, versus a tenth in the 1970s. In the past eight years of the Bush administration, the U.S. share of global economic output dropped from 31 percent to 27 percent, while our merchandise trade deficit doubled to $800 billion. Those trends are driven by the erosion of domestic manufacturing and the auto industry is biggest component of that sector. Thompson, who is no liberal, chides devotees to the Republican economic model that goes something like this: “deregulate everything and then stand back so the market can work its magic.” That model has presided over decline of the U.S. shipbuilding, electronics and steel industries and it’s about to work its magic on the auto industry. “We are destroying the foundation of our economy, not to mention the arsenal of democracy. If America loses what’s left of its auto industry, or its aerospace industry, or its chemical industry, our superpower status will ebb away,” Thompson writes. America’s aerospace industry remains a global leader because the government shovels money into it to maintain the huge U.S. arsenal. “It gets a lot more money from taxpayers in a typical year than the auto industry is going to get from any federal bailout, and much of the aerospace sector would cease to exist in the absence of government support.” Its not that foreigners are better at manufacturing than we are, they’re just better at protecting their manufacturing base, Thompson says. In 1981, Reagan cancelled subsidies to commercial shipbuilders, by the end of his second term the industry had collapsed, now U.S. trade moves on foreign built ships. The long term implication is that soon the U.S. will no longer build anything. Most U.S. job growth in this decade has been to provide services to consumers. If the country is ever to get out of this economic mess, it will need an industrial base that can provide goods for a global marketplace. Wall Street has been kneecapped and the consumer is shriveling as jobs and wages are cut. At some point the U.S. must go back to actually making things of value.2

#### Alt cause – decline set since WWII

**Nolan, 10** – Associated Press Staff Writer for NOLA (Bruce, 7/18/10, “Avondale closing news is no surprise to maritime experts,” http://www.nola.com/business/index.ssf/2010/07/avondale\_closing\_news\_is\_no\_su.html)//SL

Graykowski and others chart the decline of American shipbuilding from the close of World War II, when the U.S. industry was a colossus that buried the Axis powers under men, materiel and firepower carried by more than 5,000 ships built in just four years. After the war there was a surplus of American ships. By contrast, the Japanese and Germans, with American assistance, began rebuilding their wrecked industrial bases. Japan, in particular, began outfitting its shipbuilding yards with new technology and organizational methods, at first with cheaper labor rates appropriate to its shattered economy. Those decisions put the country in a good position to compete for business. In the United States, "no one said 'Forget about shipbuilding, it's yesterday's news,' " said Graykowski. "It was an imperceptible but inexorable decline. But a path was set."

#### Shipbuilding in decline worldwide

**Farnsworth, 88** – Associated Press Staff Writer on a special to the New York Times (Clyde H. 11/1/88, “Shipbuilding Industry's Decline Is Worldwide,” http://www.nytimes.com/1988/11/01/world/shipbuilding-industry-s-decline-is-worldwide.html)//SL

Poland is not the only country closing shipyards. The worldwide shipbuilding industry is in retrenchment, reflecting the overbuilding of ships in the early 1970's, technological innovations allowing more efficient use of newer vessels and the entry of South Korea and Taiwan as low-cost competitors. Last year 850 commercial vessels larger than 2,000 gross tons were delivered, according to figures from the Shipbuilders Council of America. That is one third the number 15 years ago. Poland has about 2 percent of the orders, with most of its business coming from the Soviet Union.

#### Alt cause – trade deficit with China

**SodaHead, 11** – Free polls and news discussions (7/14/11, “The Declining Industrial Base In America?” [http://www.sodahead.com/united-states/the-declining-industrial-base-in-america/question-1972783/)//SL](http://www.sodahead.com/united-states/the-declining-industrial-base-in-america/question-1972783/%29//SL)

Any economy that constantly consumes far more wealth than it produces is eventually going to be in for a very hard fall. Many point to relatively stable GDP numbers as evidence that the U.S. economy is doing okay, but the truth is that we have had to borrow increasingly massive amounts of money to keep GDP numbers up at that level. The U.S. government is going to run an all-time record deficit of about 1.65 trillion dollars this year and average household debt in the United States has now reached a level of 136% of average household income. But borrowing endless amounts of money and consuming massive amounts of wealth with that borrowed money is a road that leads to economic oblivion. The only way to have a healthy economy in the long run is to create wealth. But how can America create wealth if our industrial base is being absolutely destroyed? According to Forbes, the United States has lost an average of 50,000 manufacturing jobs per month since China joined the World Trade Organization in 2001. Hundreds of formerly thriving industries in the United States are being totally wiped out. China uses every trick in the book to win trade battles. They deeply subsidize their domestic industries, they openly steal technology, they blatantly manipulate currency rates and they allow their citizens to be paid slave labor wages. So yes, the products coming from China are cheaper, but in the process tens of thousands of factories in the U.S. are shutting down, millions of jobs are being lost and the ability of America to create wealth is being compromised. In 2010, the U.S. trade deficit was just a whisker under $500 billion. Much of that trade deficit was with China. During 2010, we spent $365 billion on goods from China while they only spent $92 billion on goods from us. Does a 4 to 1 ratio sound like a "fair and balanced" trade relationship to anyone out there? Our trade deficit with China in 2010 was the largest trade deficit that one country has ever had with another country in the history of the world. In fact, the U.S. trade deficit with China in 2010 was 27 times larger than it was back in 1990. Needless to say, that is not a good trend. Our industrial base and our ability to create wealth is being wiped out so rapidly that it has now become a very serious threat to our national security.

### A2 Marine Highways

#### AMH isn’t cost competitive - warrant

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

AMH must meet commercial economic viability tests if it is to become a significant piece of our domestic goods movement network. The coastal-water service must work throughout the value chain; be as safe and reliable as trucking; and must be offered at an equal or lower price point. At the 2009 Journal of Commerce America’s Marine Highways conference, Totem Ocean Express (TOTE) presented estimates that AMH would be marginally competitive with trucking for a Jacksonville to Newark service. The 2007-2008 study of the “Operational Development of Short Sea Shipping to Serve the Pacific Coast” presented estimated costs per trailer developed using an economic model that included both an in-port discrete event simulation model as well as a voyage analysis. This analysis concluded that AMH was not currently competitive with trucking in a short, time sensitive market such as Los Angeles to San Francisco. Projected costs per trailer for a 450-trailer vessel operating in the Los Angeles to San Francisco route broke out as illustrated in Figure 3. While economics have proven to be the most significant hurdle to moving AMH forward, the cost of the vessels (even the higher costs of U.S. built Jones Act vessels), was found to represent only 14% of the total cost per trailer. Series production and leveraging international experience could substantially reduce this cost. The most significant costs for AMH on a per trailer basis remain the landside costs including truck drayage to and from the terminals, port costs, and fuel costs. This serves as a reminder to evaluate AMH costs within the context of the total system.

#### Harbor Maintenance Tax deters investment in AMH

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

There is overwhelming consensus that the Harbor Maintenance Tax (HMT) not only serves as an unnecessary disincentive to investment in any AMH service, but also discourages any new water-mode option to the movement of domestic freight, especially for cargo that has also traveled on an international leg. The HMT is a tax on all import or domestic cargo that moves through a port, charged on a lift-on or lift-off basis, and is a percentage of the value of the cargo (0.125% of the cargo value). Therefore, cargo that moves over water to two domestic ports is charged the HMT first for the load onto the vessel at the port of embarkation, and then again for the discharge move at the port of debarkation.

#### External factors hurt competitiveness of AMH

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

Commercial economic analyses do not account for external factors that affect the transport mode, nor do they fully attribute public costs to all modes. In assessing the competitiveness of Marine Highways with traditional over-land modes, commercial transportation entities are not fully burdened with the costs of congestion, road wear and tear, road construction, emissions, noise pollution or accidents, and so those costs are not generally included in the calculation.

#### Turn – AMH increases net emissions – coastal regions

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

In order for Marine Highways to move forward, at a minimum, the system must demonstrate that no net increases in emissions result, and there are no other substantial environmental risks. Complicating the environmental challenge is the fact that AMH-related emission reductions in one region can represent increased emissions in coastal regions, even if overall net emissions are reduced. For this reason it is critical that proponents of AMH do everything possible to reduce the potential emissions from AMH vessels in a cost effective way. It is also critical that states play an active role in acting as arbiters.

#### AMH not economically justifiable – not competitive with trucking

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

Ultimately, Marine Highways must be economically justifiable, and the cost per trailer moved must be competitive with alternative transportation modes. A Marine Highways operation consists of both marine and landside components, each of which contributes to the cost per trailer moved. Marine highways does not eliminate trucking, it simply re-deploys it. As a result, consideration must be given to the drayage costs to move trailers to and from the terminals, the cost to load and unload the vessels, port and terminal costs, trailer acquisition and maintenance costs, and vessel costs (both procurement costs amortized over the life of the operation on a per trailer basis and vessel operating costs) At the 2009 Journal of Commerce America’s Marine Highways conference, Totem Ocean Express (TOTE) presented estimates that AMH would be marginally competitive with trucking for a Jacksonville, FL to Newark, NJ service today. The 2007-2008 study, “Operational Development of Short Sea Shipping to Serve the Pacific Coast” 20 presented estimated costs per trailer that were developed using an economic model that included both an in-port discrete event simulation as well as a voyage analysis. This study concluded that the economic roadblock to successful implementation of AMH comes from the land-side of the operation. On a per-trailer basis, the highest percentage of the cost allocation goes to drayage, terminal labor costs (including terminal handling costs), and terminal lease and storage tariff rates. This analysis concluded that AMH was not currently competitive with trucking in a short, time sensitive market such as Los Angeles to San Francisco. For a 450 trailer vessel operating in the Los Angeles to San Francisco route, costs per trailer were projected be allocated as illustrated in Figure 6. It is interesting to note that the capital cost for the vessel is not the predominant driver. Drayage, stevedoring, and vessel fuel costs are the primary drivers of the cost per trailer in this market.

#### Equipment costs undermine solvency

**NASSCO, 9** – General Dynamics NASSCO, Aimee Heim and Matt Tedesco (7/30/09, “A Shipbuilders assessment of America’s Marine Highways,” http://www.nassco.com/pdfs/Shipbuilder-Assessment-American-Marine-Highway-NASSCO.pdf)//SL

The cost of equipment is another important discriminator between truck and coastal shipping. A single truck is a relatively small investment as opposed to that of a rail car, train engine or cargo vessel. Additionally, the owner-operator system allows independent drivers to own their own trucks, or small fleets of trucks, further removing the infrastructure investment from the company’s management and encouraging small business investment. Marine Highways requires infrastructure in vessels, additional trailers, and terminals that may be perceived as impediments to investment.