## Topicality “Investment” = Not Loan Guarantees

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### 1NC

#### A. Interpretation - Investment requires the government receive shares in the project, excludes loan guarantees

Van Son Lai and Issouf Soumare 9 (“An Analysis of Government Loan Guarantees and Direct Investment through Public-Private Partnerships,” 4-3-9, <http://www.efmaefm.org/0EFMAMEETINGS/EFMA%20ANNUAL%20MEETINGS/2009-milan/EFMA2009_0368_fullpaper.pdf>)

This paper compares two forms of government support: loan guarantee and direct investment through public-private partnerships (PPPs). With loan guarantee, government provides financial guarantees to enhance project creditworthiness. With direct investment, government invests capital in return for shares in the project. We find that loan guarantees are more effective in reducing project borrowing costs. In an informationally asymmetric environment, where the government knows less about project quality than do private partners, in other words the so-called plum problem rather than the familiar lemon problem, the project sponsors should seek a loan guarantee from the government, unless they are willing to give up control over the project. We show how the portion of shares given to the government can be a bargaining tool and can mitigate information asymmetry when structuring PPPs.

#### B. Violation – the aff provides loan guarantees, not direct investment.

#### C. Reasons to Prefer

#### Ground – Loan guarantees should be negative counterplan ground, as they do not necessarily result in an increase in investment for transportation infrastructure. Allowing the affirmative to use loan guarantees guts our budget disad ground as well.

#### Education – the topic this year is about government “investment” which requires retaining a share in the project. The core of the debates should be about whether or not the government should remain involved or whether the private sector should take over.

#### D. Voting issue – Topicality is a voting issue to preserve a shared point of stasis in debate. Without an agreed upon topic, debate becomes impossible.

### 2NC Ext. Loan Guarantees =/= Investment

**Loan guarantees are not investment**

**US Tax Court 2004** [UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT,“Donald G. Oren; Beverly J. Oren, Appellants, v. Commissioner of Internal Revenue, Appellee,” 2-12-04, lexis, spencer]

Oren's loans were not actual economic outlays. He was in the same position after the transactions as before; he was not materially poorer afterwards. The transactions much more closely resemble offsetting book entries or **loan guarantees** than substantive **investments** in HL and HS.

**Loan guarantees aren’t investment**

**Miller 1985** [Philip R., Judge “CELANESE CORPORATION and Consolidated Subsidiaries, Plaintiff, v. The UNITED STATES, Defendant,” UNITED STATES CLAIMS COURT, 6-3-85, lexis, spencer]

From the time of the acquisition in 1965 until the end of 1968, Celanese made capital contributions to SIACE (through Radio Hill) totalling $16.9 million, while SIACE's minority shareholders contributed $0.8 million. At the end of 1968, SIACE owed short-term debt of $43 million and long-term debt of approximately $30 million. Celanese chose to make additional funds available to SIACE through **loan guarantees** rather than **investment** because guarantees directly benefited the lenders whereas capital contributions were available to general creditors, and because Celanese's ability to make capital contributions was severely restricted by Executive Order 11,387 and regulations of the U.S. Office of Foreign Direct Investment.

## Aff Answers

**Investment includes time and effort—doesn’t have to be money**

**SIMANDLE 2009** [JEROME B., U.S. District Judge, “LORETTA E. BOYLE, Plaintiff, v. VANGUARD CAR RENTAL USA, INC., Defendant.,” 9-30-09, UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, lexis, spencer]

Development of customer goodwill can be a franchise-specific investment sufficient to find a community of interest. See [Cooper, 63 F.3d at 270](http://www.lexisnexis.com/lnacui2api/mungo/lexseestat.do?bct=A&risb=21_T15002347137&homeCsi=6323&A=0.27533118203992346&urlEnc=ISO-8859-1&&citeString=63%20F.3d%20262,%20270&countryCode=USA); [Lithuanian Commerce Corp., Ltd. v. Sara Lee Hosiery, 179 F.R.D. 450, 472 (D.N.J. 1998)](http://www.lexisnexis.com/lnacui2api/mungo/lexseestat.do?bct=A&risb=21_T15002347137&homeCsi=6323&A=0.27533118203992346&urlEnc=ISO-8859-1&&citeString=179%20F.R.D.%20450,%20472&countryCode=USA). Such investment includes investment of time and effort and does not require monetary investment, so long as the intangible skills, knowledge, or goodwill gained are franchise-specific. [Cooper, 63 F.3d at 270](http://www.lexisnexis.com/lnacui2api/mungo/lexseestat.do?bct=A&risb=21_T15002347137&homeCsi=6323&A=0.27533118203992346&urlEnc=ISO-8859-1&&citeString=63%20F.3d%20262,%20270&countryCode=USA). Because Plaintiff alleges the kinds of franchise-specific investments that are sufficient for a finding of community of interest, Defendant's motion to dismiss must be denied. There remain questions as to the extent of Plaintiff's efforts and the degree of their franchise-specificity, but for the purposes of a motion to dismiss her allegations are sufficient.

#### Investment = Additions

Hu 12 (Patricia Hu, Director, Bureau of Transportation Statistics, Research and Innovative Technology Administration, United States Department of Transportation

February 9, 2012http://www.internationaltransportforum.org/Proceedings/InfrastructureInv/HU.pdf)

“Transportation investment is defined as additions to transportation fixed assets. Transportation fixed assets refer to: structures, motor vehicles, and other machinery and equipment that are used in the provision of transportation services for more than one year.”

## Transportation Infrastructure

**Transportation infrastructure includes vehicles, water transport, and vehicular transport—not dams, levees, water storage, or sewage treatment**

**CBO 2011** [Congressional Budget Office, “Public Spendingon Transportation and Water Infrastructure,” November 2011, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/119xx/doc11940/11-17-infrastructure.pdf, spencer]

For the purposes of CBO’s analysis, “transportation infrastructure” includes the systems and facilities that support the following types of activities:

B **Vehicular transportation:** highways, roads, bridges, and tunnels;

B **Mass transit:** subways, buses, and commuter rail;

B **Rail transport:** primarily the intercity passenger service provided by Amtrak;5

B **Civil aviation:** airport terminals, runways, and taxiways, and facilities and navigational equipment for air traffic control; and

B **Water transportation:** waterways, ports, vessels, and navigational systems.

The category “water infrastructure” includes facilities that provide the following:

B **Water resources:** containment systems, such as dams, levees, reservoirs, and watersheds; and sources of fresh water such as lakes and rivers; and

B **Water utilities:** supply systems for distributing potable water, and wastewater and sewage treatment systems and plants.

Transportation infrastructure excludes communications, housing, and electricity transport

Alshawi 2009 [Mustafa, Associate Dean @ University of Salford and Chair @ Iraq Institute for Economic Reforms, “Concept and Background to Public Private Partnership (PPP) / Private Finance Initiative (PFI)”, 11-20-9, <http://www.oecd.org/dataoecd/50/33/47562550.pdf>, spencer]

1 Infrastructure is defined as transportation infrastructure (roads, bridges, airports, ports, rail lines); communications infrastructure; housing; and electricity generation and distribution. Infrastructure projects can be “mega projects” (dams, coast-to‐coast highways, mega‐ports, large power plants) or much smaller projects that can include communication franchises or limited highway spurs.