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National Infrastructure Bank Affirmative Blocks

National Infrastructure Bank 1aC

Contention One is Inherency

Current government transportation infrastructure loan programs are inadequate

TIFIA – Transportation Infrastructure Finance and Innovation Act

Reinhardt, editor and publisher of Public Works Financing newsletter, former senior editor at McGraw-Hill’s Engineering News-Record magazine, 2011

William, Transportation Development Foundation, “The role of private investment in meeting U.S. transportation infrastructure needs,” May, http://www.artba.org/mediafiles/transportationp3whitepaper.pdf, last accessed 5.20.12

TIFIA loans have played a pivotal role in the financing of eight P3 concession projects in four states with a combined value of $14 billion (www.fhwa.dot.gov/ipd/tifia/). Yet TIFIA’s future role is limited by funding constraints—it annual budget authority is $122 million—and by its small staff within USDOT. Six federal employees are involved in lending activities, assisted by financial and legal advisors. TIFIA’s administrative budget since 2005 has been $2.2 million a year.

The current demand for TIFIA loans from both private and public sector project sponsors far exceeds the administrative and financial capabilities of the program. Of 39 projects submitting letters of interest for TIFIA loans during 2010, only four were invited to continue the process and apply for FY 2011 assistance. Almost $35 billion of projects were passed over.

National Infrastructure Bank 1aC

Thus the plan:

The United States federal government should substantially increase its transportation infrastructure investment by establishing a national infrastructure bank modeled off of the American Infrastructure Financing Authority described in U.S. Senate bill S. 652. We’ll clarify.

National Infrastructure Bank 1aC

Contention \_\_\_\_\_ is the Economy

First, economic growth has stalled from high unemployment and low consumer confidence

San Francisco Gate, 5-17-2012

Timothy R. Homan and Shobhana Chandra, “

May 17 (Bloomberg) -- Consumer confidence fell last week to the lowest level in almost four months and more people than forecast filed claims for unemployment benefits, showing a lack of progress in the job market is rattling Americans.

The Bloomberg Consumer Comfort Index dropped in the week ended May 13 to minus 43.6, a level associated with recessions or their aftermaths, from minus 40.4 in the previous period. Jobless applications were unchanged at 370,000 in the week ended May 12, Labor Department figures showed today in Washington.

Diminishing employment gains, falling stock prices and the prospect of government gridlock over the budget heading into the November presidential election may continue to hurt household sentiment. The lack of a sustained rebound in hiring damps the outlook for consumer spending, which accounts for about 70 percent of the world's largest economy.

"A mix of policy questions and some ongoing softness in employment growth" is weighing on confidence, said Sam Coffin, an economist at UBS Securities LLC in Stamford, Connecticut. "We're hearing more and more about fiscal negotiations. Last year that talk seemed to derail confidence, and that's coming up as a topic again." Coffin and the UBS team, led by Maury Harris, were the most accurate in forecasting the unemployment rate for the two years through April, according to data compiled by Bloomberg.

National Infrastructure Bank 1aC

We’ll isolate several internal-links into economic recovery

First is unemployment:

Current economic slowdown is hitting the construction industry the hardest—increased infrastructure investment creates jobs in this key sector

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Among those who gain employment as a result of additional infrastructure investment, the average unemployment rate has averaged approximately 13 percent over the past twelve months. This is more than one and one-half times the current national unemployment rate. Within the construction sector, which accounts for the majority of direct employment resulting from infrastructure investment, the unemployment rate has averaged 15.6 percent over the past twelve months.

And, energizing the construction industry is needed to fix the economy—upgrading ports, highways and bridges key to economic recovery

Niemann, Economic Analyst with Smith, Moore and Company in St. Louis, 2011

Juli, interview with Adriene Hill of Marketplace, “Construction industry vital to economic recovery,” September 6, http://www.marketplace.org/topics/business/construction-industry-vital-economic-recovery, last accessed 5.22.12

Hill: So are the markets finally coming to terms with where the economy actually is?

Niemann: Well Wall Street's ever hopeful, but the biggest problem they're facing right now is this is not a double dip recession, because we've never emerged from one that really started in 2008. One powerful area made us look much better than we were, and that was manufacturing -- machinery, autos, aircraft. And it all went to the export markets, and our trading partners now are all plunging back into recession, so no one will be able to buy our stuff. That's what we're really looking at now. We're tied to Europe and China's helm, and they both have a unique set of problems dragging them back down.

Hill: So some of the jobs proposals we're hearing, there are suggestions out there that basically count on and encourage consumer spending. Are those going work?

Niemann: Absolutely not. Bottom line is -- the Federal Reserve has a couple of dark tools they don't really want to use. But the only thing that's going to work at this point in time is basically jobs tied to manufacturing and infrastructure. Thirty-five thousand jobs are created for about every billion dollars spent on transportation -- that's very effective. You've got a multiplier effect of 2 to 1. So in the president's jobs talk, he really has to talk about long-term competitive disadvantage that we're having if we don't upgrade our ports, and highways, and bridges. The construction trade is really the only thing that's going to bring this out. The problem with that: it's longer-term. There's no short-term fix for the mess that we're in.

National Infrastructure Bank 1aC

Second is the middle class:

First, an infrastructure bank key to securing the public-private partnerships necessary for investment in mass transit projects like high-speed rail

Anand, MSNBC contributor, 2011

Anika, MSNBC, “Bank plan would help build bridges, boost jobs,” July 6, http://www.msnbc.msn.com/id/43606379/ns/business-eye\_on\_the\_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T7v68XlYuB0, last accessed 5.22.12

High-speed rail has become something of a lightning rod issue. President Barack Obama has proposed spending $53 billion over six years to build high-speed rail lines in busy corridors across the country, [an idea endorsed](http://fastlane.dot.gov/2011/06/us-mayors-declares-support-for-president-obamas-high-speed-rail-initiative.html) as recently as two weeks ago by the United States Conference of Mayors. House Republicans have criticized the plan, saying private investment, not government spending, should be used to build the rail systems, [Reuters reported.](http://www.reuters.com/article/2011/02/08/us-usa-transport-rail-idUSTRE7173OM20110208)

America is one of the last industrialized countries in the world without high-speed rail and will only get it built through public-private partnerships such as those encouraged by a national infrastructure bank, said Andy Kunz, the president of the US High-Speed Rail Association. The group has been pushing for a 17,000-mile national high-speed rail network run on electricity to be completed by 2030.

“Nearly every country in the world has come to us and said they have [money to invest](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) in our high-speed rail system in the U.S.,” he said.

Kunz said a national infrastructure bank would simplify the process of building a rail network because it would simplify the steps and the number of people needed to approve it.

"The bank would focus on the project as the number one issue, rather than constituents and politics as the number one focus," he said.

Mass transit and high-speed rail stimulate middle class spending by lowering transportation costs

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

The President’s proposal emphasizes transportation choices, including mass transit and high-speed rail, to deliver the greatest long-term benefits to those who need it most: middle-class families. The average American family spends more than $7,600 a year on transportation, which is more than they spend on food and more than twice what they spend on out-of-pocket health care costs. For 90 percent of Americans, transportation costs absorb one out of every seven dollars of income. This burden is due in large part to the lack of alternatives to expensive and often congested automobile travel. Multi-modal transportation investments are critical to making sure that American families can travel without wasting time and money stuck in traffic.

A more efficient transportation infrastructure system will reduce our dependence on oil, saving families time and money. Traffic congestion on our roads results in 1.9 billion gallons of gas wasted per year, and costs drivers over $100 billion in wasted fuel and lost time. More efficient air traffic control systems would save three billion gallons of jet fuel a year, translating into lower costs for consumers. Finally, new research indicates that Americans who were able to live in “location efficient” housing were able to save $200 per month in lower costs, including paying less at the pump, over the past decade.

National Infrastructure Bank 1aC

And, consumer spending is key to short-term recovery and long-term growth—also proves we turn your spending disads

Livingston, Professor of History at Rutgers, 2011

James, New York Times, “It’s Consumer Spending, Stupid,” October 25, http://www.nytimes.com/2011/10/26/opinion/its-consumer-spending-stupid.html, last accessed 5.22.12

AS an economic historian who has been studying American capitalism for 35 years, I’m going to let you in on the best-kept secret of the last century: private investment — that is, using business profits to increase productivity and output — doesn’t actually drive economic growth. Consumer debt and government spending do. Private investment isn’t even necessary to promote growth.

This is, to put it mildly, a controversial claim. Economists will tell you that private business investment causes growth because it pays for the new plant or equipment that creates jobs, improves labor productivity and increases workers’ incomes. As a result, you’ll hear politicians insisting that more incentives for private investors — lower taxes on corporate profits — will lead to faster and better-balanced growth.

The general public seems to agree. According to a New York Times/CBS News poll in May, a majority of Americans believe that increased corporate taxes “would discourage American companies from creating jobs.”

But history shows that this is wrong.

Between 1900 and 2000, real Gross Domestic Product per capita (the output of goods and services per person) grew more than 600 percent. Meanwhile, net business investment declined 70 percent as a share of G.D.P. What’s more, in 1900 almost all investment came from the private sector — from companies, not from government — whereas in 2000, most investment was either from government spending (out of tax revenues) or “residential investment,” which means consumer spending on housing, rather than business expenditure on plants, equipment and labor.

In other words, over the course of the last century, net business investment atrophied while G.D.P. per capita increased spectacularly. And the source of that growth? Increased consumer spending, coupled with and amplified by government outlays.

The architects of the Reagan revolution tried to reverse these trends as a cure for the stagflation of the 1970s, but couldn’t. In fact, private or business investment kept declining in the ’80s and after. Peter G. Peterson, a former commerce secretary, complained that real growth after 1982 — after President Ronald Reagan cut corporate tax rates — coincided with “by far the weakest net investment effort in our postwar history.”

President George W. Bush’s tax cuts had similar effects between 2001 and 2007: real growth in the absence of new investment. According to the Organization for Economic Cooperation and Development, retained corporate earnings that remain uninvested are now close to 8 percent of G.D.P., a staggering sum in view of the unemployment crisis we face.

So corporate profits do not drive economic growth — they’re just restless sums of surplus capital, ready to flood speculative markets at home and abroad. In the 1920s, they inflated the stock market bubble, and then caused the Great Crash. Since the Reagan revolution, these superfluous profits have fed corporate mergers and takeovers, driven the dot-com craze, financed the “shadow banking” system of hedge funds and securitized investment vehicles, fueled monetary meltdowns in every hemisphere and inflated the housing bubble.

Why, then, do so many Americans support cutting taxes on corporate profits while insisting that thrift is the cure for what ails the rest of us, as individuals and a nation? Why have the 99 percent looked to the 1 percent for leadership when it comes to our economic future?

A big part of the problem is that we doubt the moral worth of consumer culture. Like the abstemious ant who scolds the feckless grasshopper as winter approaches, we think that saving is the right thing to do. Even as we shop with abandon, we feel that if only we could contain our unruly desires, we’d be committing ourselves to a better future. But we’re wrong.

Consumer spending is not only the key to economic recovery in the short term; it’s also necessary for balanced growth in the long term. If our goal is to repair our damaged economy, we should bank on consumer culture — and that entails a redistribution of income away from profits toward wages, enabled by tax policy and enforced by government spending. (The increased trade deficit that might result should not deter us, since a large portion of manufactured imports come from American-owned multinational corporations that operate overseas.)

We don’t need the traders and the C.E.O.’s and the analysts — the 1 percent — to collect and manage our savings. Instead, we consumers need to save less and spend more in the name of a better future. We don’t need to silence the ant, but we’d better start listening to the grasshopper.

National Infrastructure Bank 1aC

Third is economic efficiency:

There’s a causal link between infrastructure investment and economic growth—extensive empirics

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms. Major transportation infrastructure initiatives include the building of the national railroad system in the 19th century and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains.6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult.

A study by John Fernald makes progress on establishing causality by comparing the impact of infrastructure investment on industries that *a priori* should experience different benefits from infrastructure spending.7 He finds that the construction of the interstate highway system in the 1950s and 1960s corresponded with a significant increase in the productivity of vehicle-intensive industries (such as transportation and gas utilities), relative to industries that do not depend on vehicles (such as apparel and textiles and industrial machinery). Fernald’s findings suggest that previous investments in infrastructure led to substantial productivity gains, and highlight the potential for further increases in productivity through additional, well-targeted investments.

Last is the impact:

Failure to avoid economic decline causes war

Mead, Senior Fellow in U.S. Foreign Policy at the Council on Foreign Relations, 2009

Walter Russell, The New Republic, “Only Makes You Stronger,” February 4, http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2, last accessed 1.23.10

None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises.

Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born?

The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

National Infrastructure Bank 1aC

Contention \_\_\_\_\_ is Competitiveness

First, U.S. economic competitiveness is declining—our evidence speaks to perception and reality

Reuters, 2012

Scott Malone, “U.S. economy losing competitive edge: survey,” January 18, http://www.reuters.com/article/2012/01/18/us-corporate-competitiveness-idUSTRE80H1HR20120118, last accessed 5.25.12

In particular, the nation is falling behind emerging market rivals and just keeping pace with other advanced economies, according to a Harvard Business School survey of 9,750 of its alumni in the United States and 121 other countries.

Seventy-one percent of respondents expected the U.S. to become less competitive, less able to compete in the global economy with U.S. firms less able to pay high wages and benefits, the study found.

The findings come at a time when high unemployment is a major concern for Americans, with 23.7 million out-of-work and underemployed, and the economy the top issue ahead of November's presidential election.

"The U.S. is losing out on business location decisions at an alarming rate" said Michael Porter, a Harvard Business School professor who was a co-author of the study.

U.S. companies, which slashed headcount sharply during the 2007-2009 recession, have been slow to rehire since the downturn's official end and some have continued to cut. This month, Archer Daniels Midland Co ([ADM.N](http://www.reuters.com/finance/stocks/overview?symbol=ADM.N)), Kraft Foods Inc ([KFT.N](http://www.reuters.com/finance/stocks/overview?symbol=KFT.N)) and Novartis AG NOVN.XV all said they would be cutting U.S. jobs this year.

Survey respondents said they remained more likely to move operations out of the United States than back in. Of 1,005 who considered offshoring facilities in the past year, 51 percent decided to move versus just 10 percent who opted to keep their facilities in the country, with the balance not yet decided.

Respondents, graduates of the prestigious business school who were polled from October 4 through November 4, were particularly concerned about how the United States was shaping up versus emerging nations such as China, [Brazil](http://www.reuters.com/places/brazil) and India, with 66 percent saying the United States was falling behind.

National Infrastructure Bank 1aC

But an infrastructure bank would jumpstart investment on ports and other infrastructure—solves competitiveness

Rendell, former governor of Pennsylvania, and Smith, mayor of Mesa, Arizona and vice chairman of the U.S. Conference of Mayors, both are members of Building America’s Future Educational Fund, 2011

Ed and Scott, The Wall Street Journal, “Transportation Spending is the Right Stimulus,” August 11, http://www.bafuture.com/sites/default/files/WSJ\_Transportation\_Spending\_Is\_the%20\_Right\_Stimulus.pdf, last accessed 5.25.12

During this time of economic uncertainty and record federal deficits, many question why America should invest aggressively in infrastructure. The answer is simple: Whether it involves highways, railways, ports, aviation or any other sector, infrastructure is an economic driver that is essential for the long-term creation of quality American jobs.

Unfortunately, our position as the world leader in infrastructure has begun to erode after years of misdirected federal priorities. When it comes to transportation, Washington has been on autopilot for the last half-century. Instead of tackling the hard choices facing our nation and embracing innovations, federal transportation policy still largely adheres to an agenda set by President Eisenhower.

As a result, American citizens and businesses are wasting time, money and fuel. According to the Texas Transportation Institute, in 2009 Americans wasted 4.8 billion hours sitting in traffic at a cost of $115 billion and 3.9 billion wasted gallons of gas. Meanwhile, nations around the world are investing in cutting-edge infrastructure to make their transportation networks more efficient, more sustainable and more competitive than ours. These investments have put them on a cycle of economic growth that will improve their standard of living and improve their citizens' quality of life.

Building America's Future Educational Fund, a national and bipartisan coalition of state and local elected officials, of which we are members, recently issued a report on the subject, "Falling Apart and Falling Behind." It offers a sobering assessment of transportation-infrastructure investments in the U.S. as compared to the visionary investments being made by our global economic competitors.

As recently as 2005, the World Economic Forum ranked the U.S. No. 1 in infrastructure economic competitiveness. Today, the U.S. is ranked 15th. This is not a surprise considering that the U.S. spends only 1.7% of its gross domestic product on transportation infrastructure while Canada spends 4% and China spends 9%. Even as the global recession has forced cutbacks in government spending, other countries continue to invest significantly more than the U.S. to expand and update their transportation networks. China has invested $3.3 trillion since 2000, for example, and recently announced another $105.2

billion for 23 new infrastructure projects. Brazil has invested $240 billion since 2008, with another $340 billion committed for the next three years. The result? China is now home to six of the world's 10 busiest ports—while the U.S. isn't home to one. Brazil's Açu Superport is larger than the island of Manhattan, with state-of-the-art highway, pipeline and conveyor-belt capacity to ease the transfer of raw materials onto ships heading to China.

To get our nation's economy back on track, we must develop a national infrastructure strategy for the next decade. This policy should be based on economics, not politics. Washington must finally pass a reauthorized multiyear transportation bill; target federal dollars toward economically strategic freight gateways and corridors; and refocus highway investment on projects of national economic significance, such as New York's Tappan Zee Bridge across the Hudson, where capacity restraints impose real congestion and safety costs in an economically critical region.

It is also time we create new infrastructure financing options, including a National Infrastructure Bank. Many of these new programs, using Build America Bonds, for instance, can be paid for with a minimal impact on the federal deficit. The government's continued neglect of infrastructure will consign our nation and our children to economic decline. Rebuilding America's future cannot be a Democratic or Republican political cause. It must be a national undertaking. And if it is, there will be no stopping us. Let's get to work.

National Infrastructure Bank 1aC

And, more evidence—infrastructure improvements are key to U.S. competitiveness

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

By most measures, the United States is investing less in infrastructure than other nations. While there are reasons for this disparity, international comparisons can offer a useful benchmark to assess our investment decisions. We spend approximately 2 percent of GDP on infrastructure, a 50 percent decline from 1960.65,66 China, India and Europe, by contrast, spend close to 9 percent, 8 percent, and 5 percent of GDP on infrastructure, respectively.67 To be clear, these simple cross-country comparisons do not account for differences in the current public capital stock, differences in demographics and population densities, and different transportation preferences across nations. However, it is clear that persistent neglect of our infrastructure will impact America’s competitive position vis-à-vis the rest of the world. Indeed, the U.S. Chamber of Commerce noted in their Policy Declaration on Transportation Infrastructure that, “Longterm underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.”

National Infrastructure Bank 1aC

And, failure to restore U.S. competitiveness crushes U.S. primacy—the impact is global war

Khalilzad, Fellow at the Center for Strategic and International Studies, 2011

Zalmay, National Review, “The Economy and National Security,” February 8, http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad?pg=2, last accessed 5.25.12

Today, economic and fiscal trends pose the most severe long-term threat to the United States’ position as global leader. While the United States suffers from fiscal imbalances and low economic growth, the economies of rival powers are developing rapidly. The continuation of these two trends could lead to a shift from American primacy toward a multi-polar global system, leading in turn to increased geopolitical rivalry and even war among the great powers. The current recession is the result of a deep financial crisis, not a mere fluctuation in [the business](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and [unemployment](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt  rose from 38 to over 60 percent of GDP in three years. Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what [economists](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally. Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments. We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. [leadership](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad). By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars. American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions.

National Infrastructure Bank 1aC

Contention \_\_\_\_\_ is Solvency

An infrastructure bank would jumpstart efficient investment—simply increasing funding isn’t enough—a national infrastructure bank would prioritize projects with the highest economic payoff and fill-in for lagging state funds, maximizing job growth in key sectors

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

An analysis of the economic impact of transportation investment indicates that now is an optimal time to increase the nation’s investment in transportation infrastructure. Investing in transportation infrastructure would generate jobs to employ workers who were displaced because of the housing bubble. We estimate that the average unemployment rate among those who would gain employment in the jobs created by additional infrastructure investment has averaged approximately 13 percent over the past twelve months. There is also accumulating evidence that construction costs are currently low because of underutilized resources, so it would be especially cost-effective to seize this opportunity to build the quality infrastructure projects that are ready to be built.

Historically, we also know that state and local governments are more prone to cut back on infrastructure spending during tough economic times, despite the growing need and demand for these projects. Americans overwhelmingly support increasing our infrastructure investment, as evidenced by consistent support for local investments on ballot initiatives. This is hardly surprising given that our report documents that the American public is less satisfied with our transportation infrastructure than residents of most other OECD nations.

Merely increasing the amount that we invest, however, must not be our only goal. Selecting projects that have the highest payoff is critically important, as is providing opportunities for the private sector to invest in public infrastructure. Given the significant need for greater investment, the federal government cannot, and should not, be expected to be the sole source of additional investment funds. More effectively leveraging federal investment by pairing it with state, local, and private investment is necessary to meet the challenges we face in expanding our transportation network. Thus, establishing a National Infrastructure Bank, along with other significant reforms in our infrastructure financing system, should remain a top priority.

And, an infrastructure bank would avoid government inefficiencies—spills over as a model to other federal infrastructure investment

Andersen, President and CEO of CG/LA Infrastructure, 2011

Norman, Progressive Policy Institute, “The Case for the Kerry-Hutchinson Infrastructure Bank,” March 25, http://progressivepolicy.org/the-case-for-the-kerry-hutchison-infrastructure-bank, last accessed 5.22.12

First, the role of the infrastructure bank is catalytic rather than managerial. Rather than creating a large bureaucracy, the bank would assemble a corps of focused professionals: engineers, financiers, economists and what I term strategic leaders — people who get things done, driven by a vision to make this country more competitive.

Their job will be to set projects in motion, then to make sure that those projects meet or exceed guidelines. Monitor, not manage; act strategically, not operationally. Move fast, don’t get bogged down, get the job done.

The result will be an elite, rapid, infinitely smaller and infinitely more qualified leadership team than what we have today, an instructive model for other infrastructure related agencies at every level of government.

National Infrastructure Bank 1aC

And, an infrastructure bank would solve by tapping into private capital sources—funding isn’t the problem

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

One way to address the need for more infrastructure investment is to attract more private capital for direct investment in transportation infrastructure. There is currently very little direct private investment in our nation’s highway and transit systems. The lack of private investment in infrastructure is in large part due to the current method of funding infrastructure, which lacks effective mechanisms to attract and repay direct private investment in specific infrastructure projects. In addition, the private benefit for investors is less than the benefit for society as a whole because of positive externalities from infrastructure. A National Infrastructure Bank could address these problems by directly funding selected projects through a variety of means. The establishment of a National Infrastructure Bank would create the conditions for greater private sector co-investment in infrastructure projects.

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

To address the lack of merit-based funding, a National Infrastructure Bank would develop a framework to analytically examine potential infrastructure projects using a cost-benefit analysis, and would evaluate the distributional impact of both the costs and benefits of each project. Of course, not all costs and benefits from infrastructure projects can be quantified, but an effort should be made to quantify those that can be quantified and to take account of any additional benefits and costs to society. A rigorous analytical process would result in support for projects that yield the greatest returns to society, and would avoid investing taxpayer dollars in projects where total costs exceed total societal benefits. A National Infrastructure Bank would select projects along a sliding scale of support that most effectively utilizes the bank’s limited resources, targeting the most effective and efficient investments.

National Infrastructure Bank 1aC

And, the BUILD Act (S. 652) would uniquely solve for job creation and infrastructure investment

Anand, MSNBC contributor, 2011

Anika, MSNBC, “Bank plan would help build bridges, boost jobs,” July 6, http://www.msnbc.msn.com/id/43606379/ns/business-eye\_on\_the\_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T7v68XlYuB0, last accessed 5.22.12

China announced last week that it opened the world’s longest sea bridge and added a line to the world’s largest high-speed rail network. Meanwhile, on this side of the Pacific, the United States is struggling to address its crumbling roads and creaky bridges. A bill wending its way through Congress looks to change that, and by doing so create jobs and fund projects, such as a high-speed rail line. American has fallen to 23rd in infrastructure quality globally, according to the World Economic Forum. It will take about $2 trillion over the next five years to restore the country’s infrastructure, says the American Society of Civil Engineers. Given America's weak economy and rising national debt, the government can’t promise anything close to an amount that dwarfs most countries' total economies. But a national infrastructure bank could help. The idea of such a bank has been around since the 1990s but has never gained significant attention until now. In March a bipartisan bill was introduced in the Senate that gained the support of the US Chamber of Commerce, America’s leading business lobby, and the AFL-CIO, the country’s largest labor federation — two groups on opposite sides of most debates. [The BUILD Act](http://kerry.senate.gov/work/issues/issue/?id=f0a4612d-382a-46fb-9d31-73e949167108), proposed by Sens. John Kerry, D-Mass., Kay Hutchinson, R-Texas, and Mark Warner, D-Va., would create a national infrastructure bank that would provide loans and loan guarantees to encourage private investment in upgrading America’s infrastructure. There are other similar proposals circulating in Congress, but the BUILD Act has gained the most traction.

Major Market Indices The bank would receive a one time appropriation of $10 billion, which would be aimed at sparking a total of $320 to $640 billion in infrastructure investment over the course of 10 years, Kerry's office says. They believe the bank could be self-sustaining in as little as three years. “Federal appropriations are scarce in this difficult budget environment, and there is increasing attention on inefficiencies in the way federal dollars are allocated,” wrote Kerry spokeswoman Jodi Seth in an e-mail. Advocates offer a laundry list of benefits for an “Ibank.” At the top of the list, they tout the bank’s political independence. The bank would be an independent government entity but would have strong congressional oversight. Bank board members and the CEO would be appointed by the president and confirmed by the Senate. Kerry says this structure would help eliminate pork-barrel earmark projects. If, for example, private investors wanted to [invest](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) in a project, under the BUILD Act they could partner with regional governments and present a proposal to the bank. The bank would assess the worthiness of the project based on factors like the public’s demand and support, and the project's ability to generate enough revenue to pay back public and private investors. The bank could offer a loan for up to 50 percent of the project’s cost, with the project sponsors funding the rest. The bank would also help draft a contract for the public-private partnership and ensure the government would be repaid over a fixed amount of time. If the Ibank funded something like the high-speed rail project, it would become another investor alongside a state government, a [private equity firm](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) or another bank. The project sponsors' loans would be repaid by generating revenue from sources such as passenger tickets, freight shipments, state dedicated taxes.

Relies on loans Under previous proposals, which never have gained much momentum, an infrastructure bank would have offered grants, which would be more costly to taxpayers. The BUILD Act relies on loans instead, and project borrowers would be required to put up a reserve against potential bad debt. The bank would make money by charging borrowers upfront fees as well as interest rate premiums. The bill’s supporters say this type of public-private partnership model has been successfully applied to the Export-Import Bank of the United States, which has generated $3.4 billion for the Treasury over the past five years. The Export-Import bank finances and insures foreign purchases. It’s important to note that the infrastructure bank is only meant to jump-start infrastructure investment, not fund every project, said Michael Likosky, a senior fellow at NYU's Institute for Public Knowledge and a long-time proponent of a national infrastructure bank. Supporters hope the bank also would jump-start the job market. Former President Bill Clinton endorses the idea of an Ibank, although he has not necessarily thrown his weight behind the BUILDAct. “I think there are enormous jobs there,” he said in an interview last week on CNBC. “Every manufacturing job you create tends to create more than two other jobs in other sectors of the economy and it makes America more competitive, more productive.” According to the Department of Transportation's 2008 numbers, every $1 billion invested in transportation infrastructure creates between 27,800 and 34,800 jobs. And they tend to be well-paying, middle-class jobs construction jobs that cannot be outsourced offshore, said Scott Thomasson with the Progressive Policy Institute. Likosky said the support the BUILD Act has garnered so far has surprised almost everyone involved. “This infrastructure bank is the first thing on the table where we can start to talk about growing the economic pie, an approach toward moving toward prosperity," he said. Advocates say a national infrastructure bank could be the way to take on major projects, such as upgrading America’s power grid, repairing damaged roads and bridges and building high-speed rail lines, an idea that has been discussed for more than 40 years.

National Infrastructure Bank 1aC

And, we win on timeframe—now is the key time for investment

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

The first part of this report demonstrated that additional, carefully selected infrastructure investment should yield substantial benefits to the U.S. economy. This section considers the current state of our economy and why it is an opportune time to increase infrastructure investment. The main conclusion is that because of the availability of underutilized resources (especially labor), the opportunity cost of infrastructure investment is currently well below its normal level.

The recession that started in late 2007 had an exceptionally large impact on the labor market, as the United States lost 8.7 million jobs between December 2007 and December 2009. Due to the collapse of the real estate market, the contraction of employment in the construction industry was especially acute. A full 21 percent of those who lost jobs over this time period were in the construction industry.

Even as the economy has begun to recover, construction employment remains well below pre-recession levels. In December 2011, total payroll jobs in the construction industry remained 25 percent below the level of December 2007, dropping 1.9 million from 7.5 million to 5.6 million employees (seasonally-adjusted), which constitutes one-third of the total jobs lost over this period. In February 2012, the unemployment rate for construction workers was 17.1 percent, and over the past twelve months, the unemployment rate for construction workers has averaged 15.6 percent.

Building more roads, bridges, and rail tracks would especially help those workers that were disproportionately affected by the economic crisis – construction and manufacturing workers. Accelerated infrastructure investment would provide an opportunity for construction workers to productively apply their skills and experience. Moreover, hiring currently unemployed construction workers would impose lower training costs on firms than would be incurred by hiring workers during normal times because these workers already have much of the requisite skills and experience. Analysis by the Congressional Budget Office found that additional investment in infrastructure is among the most effective policy options for raising output and employment.25 Given this situation, the President’s proposal to front-load our six-year surface transportation legislation with an additional $50 billion investment makes sound economic sense.

National Infrastructure Bank 1aC

And, we control the strongest internal-link into long-term economic recovery—restoring competitiveness outweighs all their alt causes to growth

Atkinson, President of the Information Technology and Innovation Foundation, Ph.D. in City and Regional Planning from UNC-Chapel Hill, 2011

Robert D., Information Technology and Innovation Foundation, “Explaining Anemic U.S. Job Growth: The Role of Faltering U.S. Competitiveness,” December, http://www.itif.org/files/2011-great-recession-anemic-job-recovery.pdf, last accessed 5.25.12

These six diagnoses are simply not sufficient to explain the timing of the crisis, its severity or the unprecedented weaknesses of the recovery. A more compelling diagnosis is that we are failing to achieve robust recovery because the overall U.S. economy has lost international competitiveness.

We see this most clearly in manufacturing. In the 1980s, U.S. employment expanded by 19 percent and in the 1990s by 20 percent. During the same periods, manufacturing employment fell 7 percent and 1 percent, respectively. But between 2000 and the peak of employment in January 2008, jobs grew just 5.4 percent, while manufacturing jobs fell 32 percent. Remarkably, few economists or pundits have made this connection between the anemic overall job performance in the last decade and largest percentage drop in manufacturing employment in American history, even greater than that of during the Great Depression. This is all the more troubling since manufacturing jobs have the highest employment multipliers of any sector, meaning that the loss of these manufacturing jobs led to significant job loss in the rest of the economy.

Another way to look at this is by examining the changes in the contribution of manufacturing to changes in GDP. From 1980 to 1989 the sum of annual GDP changes was 30 percent of which manufacturing added 5.8 percentage points (about 20 percent of the sum of annual GDP growth). From 1990 to 1999, it was 32 percent, of which manufacturing added 5.2 percentage points (about 17 percent). But in the last decade the annual sum of GDP changes (gains or losses) was just 18 percent, with manufacturing changes subtracting 4.7 percentage points. If manufacturing had contributed its same share to GDP growth as it did in the 1980s and 1990s, overall GDP growth would have been 28 percent in this last decade, rather than 18 percent

This loss of manufacturing turned to the U.S. economy into a leaky boat with worn sails so it couldn’t tack the headwinds that increased into a gale force in the last decade. For most of the 2000s, it meant slow growth. For 2008 to 2009, it helped make a recession “The Great Recession.”

And now it is meaning painfully slow economic recovery. For example, annual new orders for manufacturers are down 11 percent from 2007 to 2010 in constant dollars while durable goods orders are down 21 percent, while real GDP is down one percent.

One reason for the slow return of manufacturing orders is evidenced by the increase **in the trade deficit**. In 2011, the deficit in non-petroleum products at an annualized basis is $440 billion, 11 percent higher than in 2010 and 40 percent higher than in 2009. As shown in Figure 2, the trade deficit was smallest in 2009 after the height of the recession, but it has grown since then, approaching 2007 levels.

Some will argue that, while we may be losing manufacturing, the United States is still strong in innovation and that this will power our growth in the future. But this ignores two key factors. First, much of manufacturing is high tech and powered by innovation—think computers, semiconductors, pharmaceuticals, medical devices, aviation, and instruments. Losing production in these areas means losing the upstream R&D and design jobs as well. Second, it’s not as if the United States leads in innovation anymore. As we found in The Atlantic Century II, the United States ranks 43rd of 44 nations or regions in the rate of progress on 16 innovation-based competitiveness indicators (such as the growth of corporate and government R&D, venture capital, new businesses, productivity, etc.). Other nations are not standing still when it comes to the race for global innovation advantage.

This stiff headwind of robust foreign competition has two impacts on recovery. First, just as reductions in corporate investment or consumer spending will exert a negative influence on GDP growth, so too do net increases in the trade deficit. Recall your Macroeconomics 101 and the equation GDP= C+I+G+(X-M). When imports grow faster than exports in the short run, it exerts a contractionary effect on GDP and jobs. Conversely if exports were growing faster than imports, it would exert an expansionary effect on the economy and jobs, precisely why President Obama declared a goal of doubling exports.

But there is a second, more subtle, but ultimately more important impact on the economy of the loss of U.S. competitiveness: it erodes the confidence of businesses, workers and consumers. Ultimately, a strong and

brisk recovery will depend on a faith that America will once again lead in the global innovation economy. Absent that faith—or in the presence of a sense of economic foreboding and decline—the rational exuberance needed to power investment and spending will be lacking, and recovery will continue to drag along. As Keynes noted, “Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as the result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities.”

Today, with America losing the race for global competitive advantage, the quantitative benefits and the quantitative probabilities of success are lower than before. And most Americans sense this. One survey of likely voters in 2012 found that 60 percent believe that the next generation of Americans will be worse off, with only ten percent saying better off.

One reason for this is 62 percent said that the United States no longer has the strongest economy in the world, with 39 percent saying that China is the strongest. A Pew Research Survey reports similar findings with almost half (47 percent) of Americans saying that China is the world's leading economic power, while just 31 percent name the United States. Three years ago—prior to the global economic crisis—only 30 percent characterized China as the global economic leader, compared with 41 percent for the United States. A Gallup poll shows a 13-point surge in the past two years in the percentage of Americans who think that China will lead the world economy over the next two decades.

Yet, it would be one thing if Americans were fatalistic to their current and impending decline. Little could be done. But of the 60 percent who thought the United States was not the strongest economy, 85 percent believed that it is possible for the United States to have the strongest economy in the world. And this gets to the real nub of it: America will recover in the short run and the long run when American businesses, workers, and consumers have faith that policymakers are taking the needed steps to restore America’s leadership. Therefore, restoring America’s competitive edge should be job number one for policymakers. They need to focus on both on short-term job creation and long-term economic growth. The two goals are inextricably linked.

Economy Advantage Ext.—Middle-Class Link

And, infrastructure investment provides key middle class jobs

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Infrastructure Investment Creates Middle-Class Jobs. Spending on infrastructure generates demand for products and services from a variety of industries. For example, road building not only requires construction workers, but also grading and paving equipment, gasoline or diesel to run the machines, a variety of smaller hand tools, raw inputs of cement, gravel, and asphalt, surveyors to map the site, engineers and site managers, and even accountants to keep track of costs.

Data from the Commerce Department’s Bureau of Economic Analysis (BEA) provide insight into how a dollar’s worth of demand for some broad categories of spending is divided among the supplying industries. Analysis of data from the BEA 2010 annual input-output table and related data from the Bureau of Labor Statistics (BLS) on the composition of industry employment suggests that 61 percent of the jobs created by investing in infrastructure would be in the construction sector, 12 percent would be in the manufacturing sector, and 7 percent would be in retail trade, for a total of 80 percent in these three sectors. Using BLS data on the structure of occupations in those industries, and the distribution of wages for those occupations by industry, nearly 90 percent of the jobs in the three sectors most affected by infrastructure spending are middle-class jobs, defined as those between the 25th and 75th percentile in the national distribution of wages.

Further analysis suggests that the jobs created by investing in infrastructure are not only middle-class jobs, but also are concentrated in occupations and industries that have been disproportionately affected by the recent economic downturn. Overall, the unemployment rate among those who would be put to work by additional investment in infrastructure has averaged approximately 13 percent over the past twelve months, more than one and one-half times the current national unemployment rate.39

Economy Advantage Ext.—Middle-Class Link

And, infrastructure improvement decreases middle-class family transportation costs and stimulates consumer spending on other items—that trickles through the economy

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

For the average American family, transportation expenditures rank second only to housing expenditures. As can be seen in Figure 1, the average American annually spends more on transportation than food, and more than two times as much as on out-of-pocket healthcare expenses. Given how much Americans spend on transportation expenditures, public investments which lower the cost of transportation could have a meaningful impact on families’ budgets. Reducing fuel consumption, decreasing the need for car maintenance due to potholes and poor road conditions, increasing the availability of affordable and accessible public transit systems, and reducing fuel consumption by making better use of the land would benefit Americans and allow them to spend less money on transportation.

For the 90 percent of Americans who are not among the top decile in the income distribution, transportation costs absorb one out of every seven dollars of income. Transportation expenses relative to income are almost twice as great for the bottom 90 percent as they are for the top 10 percent.

Providing high-speed rail and improved public transportation would provide middle-class families with more options to save time and money, so that they can retain more of their income for other purposes and spend more time doing what they want, rather than spending time getting there. One study concluded that individuals in a two-person household who ride public transportation and eliminate one car save, on average, almost $10,000 annually.34 Improved accessibility to public transportation systems will also help protect household budgets against the impact of rising fuel costs over time. For example, research has estimated that between 2000 and 2009, median income households living in neighborhoods with diverse transportation choices and regional accessibility experienced a $200 per month savings in average transport costs, compared to similar households in less location efficient areas.35

Moreover, improving our nation’s transportation system can save middle-class families money by reducing the costs associated with congestion and the additional automobile maintenance caused by poor road conditions. One study found that poor conditions of roads cost the average motorist who drives in cities on a regular basis over $400 a year.36,37 Another study by the Department of Transportation finds that $85 billion in total investment per year over the next twenty years would be required in order to bring existing highways and bridges into a state of good repair.38 As Gramlich and others have found, these fix-it-first investments will save money for most American families.

Economy Advantage Ext.—Generic Infrastructure Link

And, we can put a number to the costs of bad infrastructure—$100 billion

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

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

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

Competitiveness Advantage Ext.—National Infrastructure Bank Link

And, more evidence that an infrastructure bank is key to economic competitiveness

Rohatyn, Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC, 2011

Felix, Council on Foreign Relations, “Infrastructure Investment and U.S. Competitiveness,” April 5, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, last accessed 5.25.12

While America's economic competitors and partners around the world make massive investments in public infrastructure, our nation's roads and bridges, schools and hospitals, airports and railways, ports and dams, waterlines, and air-control systems are rapidly and dangerously deteriorating.

China, India, and European nations are spending--or have spent--the equivalent of hundreds of billions of dollars on efficient public transportation, energy, and water systems. Meanwhile, the American Society of Civil Engineers estimated in 2005 that it would take $1.6 trillion simply to make U.S. infrastructure dependable and safe. The obvious, negative impact of this situation on our global competitiveness, quality of life, and ability to create American jobs is a problem we no longer can ignore.

One way to finance the rebuilding of our country is by creating a national infrastructure bank that is owned by the federal government but not operated by it. The bank would be similar to the World Bank and European Investment Bank. Funded with a capital base of $50 to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies, and issue its own thirtyto fifty-year bonds to finance itself with conservative 3:1 gearing. Such a bank could easily leverage $250 billion of new capital in its first several years and as much as $1 trillion over a decade.

Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would provide a guidance system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful "earmark" appropriations. The bank's source of funding would come from funds now dedicated to existing federal programs. Legislation has been proposed that would create such an infrastructure bank. Congresswoman Rosa DeLauro (D-CT) has introduced a House bill, and Senators John Kerry (D-MA) and Kay Bailey Hutchison (R-TX) have brought forward legislation in the Senate. The Senate bill, with $10 billion of initial funding, is a modest proposal but passing it would give us a strong start.

Competitiveness Advantage Ext.—Public-Private Partnerships Link

And, public-private partnerships are uniquely key to infrastructure investment—and U.S. competitiveness

Goldsmith, New York City Deputy Mayor for Operations, 2011

Stephen, Council on Foreign Relations, “Infrastructure Investment and U.S. Competitiveness,” April 5, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, last accessed 5.25.12

Investment in America's physical infrastructure is directly tied to economic development. Businesses and the workforces they attract consider infrastructure when deciding where to locate. Too often, however, pressed by day-to-day concerns, state and local governments fail to adequately plan and invest in infrastructure. Tight budgets make it easy for officials to rationalize the deferral of investment until a time when surpluses return.

Unfortunately, this pattern has been repeated for decades, and the accumulation of deferred maintenance and deferred investment in future infrastructure has led to an unsatisfactory status quo. To ensure America's future competitiveness in the global marketplace, we must rethink our approach to the construction and financing of infrastructure. And in this policy area, many of the most promising ideas for unlocking public value involve public-private partnerships.

The key question in a debate about infrastructure should be: "How can we produce the most public value for the money?" Answering this question should lead us to pursue both operational and financing innovations. The private sector has an important role to play in both. Public officials can produce more value for the dollar by better structuring the design, construction, operation, and financing of infrastructure projects that produce more lifecycle benefits and fewer handoffs among various private parties. A private partner can often achieve savings for government by identifying operational efficiencies and assuming risk formerly held by the public sector. Unlike the traditional model for bridge construction in which one firm designs, one firm builds, one company finances, and the public maintains, an arrangement which gives the private firm an ongoing responsibility for maintenance or durability will encourage design optimization and likely increase the length of the asset's lifecycle.

2AC Add-On—Obesity

And, infrastructure investment decreases obesity and lowers healthcare costs—improved access to public transit

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

If improved infrastructure changed the way Americans live and work, there would be significant benefits to health and wellness. For example, MacDonald et al. find that improving neighborhood environments and increasing the public’s use of light rail transit would benefit health to the extent it causes increased physical activity, a reduction in the incidence of obesity (body mass index greater than 30), and a reduction in the odds of becoming obese.44

Using data on individuals before (July 2006 to February 2007) and after (March 2008 to July 2008) the completion of a light rail system in Charlotte, North Carolina, they find that the use of light rail to commute to work is associated with a nearly 1.2 point reduction in body mass index as well as an 81 percent reduction in the odds of becoming obese. Moreover, improved perceptions of neighborhoods as a result of the availability of light rail were associated with 15 percent lower odds of obesity as well as higher odds of meeting weekly recommended physical activity levels for walking and vigorous exercise (9 percent and 11 percent, respectively).

In addition to all of the personal benefits associated with a healthier life style, overall costs on our health care system are substantially reduced when obesity rates are lowered, given that health care costs for the obese are almost twice the rate for normal weight individuals. Finkelstein et al. find that between 1998 and 2006, the prevalence of obesity in the United States increased by 37 percent, adding $40 billion dollars to health care costs.45

A separate study by Stokes et al. estimates that health care savings in Charlotte from the creation of the first segment of their light rail system could reach a cumulative $12.6 million by 2015.46 These facts also suggest that targeted investment in creating new public transportation systems could translate into large-scale savings in health care costs. Furthermore, many other academic studies show that proximity to public transportation and more rationally-designed neighborhoods tend to be associated with increased walking and other physical activity for the general population, working or otherwise.

Answer To—Non-infrastructure Bank Counterplan

No solvency—have to alter how funding is delivered, not just how much funding is given—an infrastructure bank is key—provides funds and ensures efficient investment

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

The President’s plan addresses a significant and longstanding need for greater infrastructure investment in the United States. Targeted investments in America’s transportation infrastructure would generate both short-term and long-term economic benefits. However, transforming and rehabilitating our nation’s transportation infrastructure system will require not only greater investment but also a more efficient use of resources, because simply increasing funding does not guarantee economic benefits. This idea is embodied in the President’s proposal to reform our nation’s transportation policy, as well as to establish a National Infrastructure Bank, which would leverage private and other non-Federal government resources to make wise investments in projects of regional and national significance

And, current investment prioritizes “shovel-ready” projects over those with greatest long-term economic benefits—only an infrastructure bank reverses this trend

Puentes, Senior Fellow, Brookings Institution, 2011

Robert, Council on Foreign Relations, “Infrastructure Investment and U.S. Competitiveness,” April 5, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, last accessed 5.25.12

Infrastructure is central to U.S. prosperity and global competitiveness. It matters because state-of-the-art transportation, telecommunications, and energy networks--the connective tissue of the nation--are critical to moving goods, ideas, and workers quickly and efficiently and providing a safe, secure, and competitive climate for business operations.

But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy. The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate.

So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality. Infrastructure is fundamental to each of those elements.

Yet while we know America's infrastructure needs are substantial, we have not been able to pull together the resources to make the requisite investments. And when we do, we often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. If designed and implemented appropriately, it would be a targeted mechanism to deal with critical new investments on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the United States.

Answer To—States Counterplan [1/2]

1. Perm—do both—solves the link to the net benefit—extend U.S. Department of the Treasury from solvency that the bank would allow states to better leverage federal and state funding
2. Theory—states counterplans are a voting issue:
   1. Not real world—states have never acted in unison—kills education and makes clash impossible because there’s no literature on the counterplan
   2. Multi-actor fiat is bad—it’s infinitely regressive, kills predictability and fairness
   3. Damage is done—justifying states counterplans means that Affs move away from core topic areas just because there isn’t a strong fed key warrant
   4. Voter for education and fairness
3. No solvency—large, national body is key to complete investment

Mallet, Specialist in Transportation Policy, Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, 2011

William, Steven and Kevin, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” December 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, last accessed 5.20.12

Once established, a national infrastructure bank might help accelerate worthwhile infrastructure projects, particularly large projects that can be slowed by funding and financing problems due to the degree of risk. These large projects might also be too large for financing from a state infrastructure bank or from a state revolving loan fund.44 Moreover, even with a combination of grants, municipal bonds, and private equity, mega-projects often need another source of funding to complete a financial package. Financing is also sometimes needed to bridge the gap between when funding is needed for construction and when the project generates revenues.

1. No solvency—states fail—funding and balanced budgets prevent full commitment

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Finally, it is important to consider the economic situation facing state and local governments who are significant partners in funding public infrastructure. During recessions, it is common for state and local governments to cut back on capital projects – such as building schools, roads, and parks – in order to meet balanced budget requirements. At the beginning of the most recent recession, tax receipts at the state and local level contracted for four straight quarters; receipts are still below pre-recession levels. Past research has found that expenditures on capital projects are more than four times as sensitive to year-to-year fluctuations in state income as is state spending in general.30 However, the need for improved and expanded infrastructure is just as great during a downturn as it is during a boom. Providing immediate additional federal support for transportation infrastructure investment would be prudent given the ongoing budgetary constraints facing state and local governments, the upcoming reduction in federal infrastructure investment as Recovery Act funds are depleted, and the strong benefits associated with public investment.

AT—States Counterplan [2/2]

1. No solvency—states fail—can’t fund multi-jurisdictional projects like high-speed rail, that’s key to our middle class spending internal-link

Puentes, Senior Fellow and Director, Metropolitan Infrastructure Initiative, Brookings Institution, 2010

Robert, Congressional Testimony, presented before the Committee on Ways and Means, Subcommittee on Select Revenue Measures, U.S. House of Representatives, May 13, http://waysandmeans.house.gov/media/pdf/111/2010May13\_Puentes\_Testimony.pdf, last accessed 5.22.12

Multi-jurisdictional projects are largely neglected in the current federal investment process in surface transportation, due to the insufficient institutional coordination among state and local governments that are the main decisionmakers in transportation. The NIB would provide a mechanism to catalyze intergovernmental cooperation and could result in higher rates of return compared to the localized infrastructure projects.

1. No solvency—states fail—heavy focus on highways means that ports and public transit don’t get funded—our evidence is comparative that the federal government is better

Freemark, specialist on urban transportation at The Transport Politic, 2012

Yonah, The Atlantic – Cities, “How to Pay for America’s Infrastructure,” January 2, http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/, last accessed 5.25.12

In most states studied, the vast majority of infrastructure bank funds has gone to roads projects, indicating that the commitment of the federal government to multi-modality - 20 percent of federal surface transportation spending generally goes to public transit - has not been followed through in the states. Texas has loaned virtually none of its $477 million total to transit, while Ohio, Oregon, and Pennsylvania have devoted just two to four percent of their funding to bus and rail improvement projects. Only Florida stands out, with 11 percent of its loans going to transit, thanks to major investments in projects like the SunRail commuter line.

National Infrastructure Bank Neg

Solvency 1nc Frontline

1. No solvency—an infrastructure bank would prioritize projects that save money, not those that are best for solving advantages

Mallet, Specialist in Transportation Policy, Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, 2011

William, Steven and Kevin, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” December 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, last accessed 5.20.12

Selecting projects through an infrastructure bank has possible disadvantages as well as advantages. First, it would direct financing to projects that are the most viable financially rather than those with greatest social benefits. Projects that are likely to generate a financial return through charging users, such as urban water systems, wastewater treatment, and toll roads, would be favored if financial viability is the key element for project selection. Conversely, projects that offer extensive spillover benefits for which it is difficult to fully charge users, such as public transit projects and levees, would be disfavored.53

Second, selection of the projects with the highest returns might conflict with the traditional desire of Congress to assure funding for various purposes. Rigorous cost-benefit analysis might show that the most attractive projects involve certain types of infrastructure, while projects involving other types of infrastructure have less favorable cost-benefit characteristics. This could leave the infrastructure bank unable to fund some types of projects despite local support.

Third, financing projects through an infrastructure bank may serve to exclude small urban and rural areas because large, expensive projects tend to be located in major urban centers. Because of this, an infrastructure bank might be set up to have different rules for supporting projects in rural areas, and possibly also to require a certain amount of funding directed to projects in rural areas. For example, S. 652 proposes a threshold of $25 million for projects in rural areas instead of $100 million in urban areas. Even so, the $25 million threshold could exclude many rural projects.

1. Long timeframe—no solvency for short-term impacts

Mallet, Specialist in Transportation Policy, Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, 2011

William, Steven and Kevin, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” December 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, last accessed 5.20.12

Although a national infrastructure bank might help accelerate projects over the long term, it is unlikely to be able to provide financial assistance immediately upon enactment. In several infrastructure bank proposals (e.g., S. 652 and S. 936), officials must be nominated by the President and approved by the Senate. The bank will also need time to hire staff, write regulations, send out requests for financing proposals, and complete the necessary tasks that a new organization must accomplish. This period is likely to be measured in years, not months. The example of the TIFIA program may be instructive. TIFIA was enacted in June 1998. TIFIA regulations were published June 2000, and the first TIFIA loans were made the same month.45 However, according to DOT, it was not until FY2010 that demand for TIFIA assistance exceeded its budgetary authority.46

Solvency 1nc Frontline

3.And, more evidence that time delays mean no solvency for job creation

Utt, Morgan Senior Research Fellow in Economic Policy, Heritage Foundation, 2011

Ronald D., Heritage Foundation, “The Limited Benefits of a National Infrastructure Bank,” October 20, http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank, last accessed 5.25.12

Would an Infrastructure Bank Contribute to Jobs and Stimulate the Economy?

For some advocates—especially the President—these banks are seen as mechanisms to propel the economy forward out of the lingering recession into an era of greater prosperity and more jobs. Sadly, all evidence indicates that this just isn’t so. As far back as 1983, the General Accounting Office (now the Government Accountability Office) reviewed an earlier infrastructure-based stimulus program and observed that although the program was enacted during the worst of the recession, “implementation of the act was not effective and timely in relieving the high unemployment caused by the recession.” Specifically, the GAO found that:

Funds were spent slowly and relatively few jobs were created when most needed in the economy. Also, from its review of projects and available data, the GAO found that (1) unemployed persons received a relatively small proportion of the jobs provided, and (2) project officials’ efforts to provide em­ployment opportunities to the unemployed ranged from no effort being made to work­ing closely with state employment agencies to locate unemployed persons.[[5]](http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank" \l "_ftn5)

Infrastructure-based stimulus programs have been a disappointment, in large part because of time delays in getting programs underway, projects identified and approved, and money spent. More recently, supporters of the American Recovery and Reinvestment Act (ARRA) claimed that it would focus on shovel-ready projects, but USDOT recently reported to this committee that as of July 2011—two and a half years after the enactment of the ARRA—just 61 percent of the authorized transportation funds had been spent. Perhaps contributing to this is the fact that the Federal Railroad Administration required 12 months to set up a mechanism to receive, review, and approve rail infrastructure projects authorized by the ARRA.

In both of these cases, the stimulus funds were being spent through existing federal, state, and local channels by departments, managers, and employees with many years of experience in the project approval business. In large part, these delays are not due to any particular institutional failing but simply to the time it takes to establish guidelines and rules for project submission, for outside parties to complete the request, and for USDOT to review the many requests submitted and pick the most promising, perhaps with modifications, and fulfill the contractual details of awarding the contract. Once the award is made to state and local entities, they in turn must draw up the RFP (and perhaps produce detailed engineering plans as appropriate), put the contract out for bid, allow sufficient time for contractors to prepare bids, review submitted bids, and finally accept the winning contract. It is at this point that money can be spent on the project, and the time that elapses from the beginning to the end of the beginning can easily exceed a year or more.

In the case of an infrastructure bank, such delays will be much longer—perhaps even double that described above. In the case of the above example, the assumption is that the newly authorized stimulus money would flow through an institutional “infrastructure” of well-established channels staffed by experienced people. In the case of the proposed infrastructure banks, no such administrative structure exists, and one will have to be created from scratch once the enabling legislation is enacted.

In the case of some of the proposals, this creation process could take a while. President Obama’s most recent plan, for example, first requires the selection, recommendation, and Senate confirmation of a seven-person bipartisan board appointed by the President. The President will also appoint, and the Senate confirm, a Chief Executive Officer who in turn will select the bank’s senior officers—Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, General Counsel, Chief Operation Officer, and Chief Lending Officer—subject to board approval.

The Chief Lending Officer will be responsible “for all functions relating to the development of project pipelines, the financial structuring of projects, the selection of infrastructure projects to be reviewed by the board, and related functions.” So once all of this administrative effort is completed and the bank is ready to go, then the process of fulfillment, as described in the paragraph just prior to the preceding paragraph, would then be in effect.

As is obvious, dependence upon this prospective bank will further delay the time in which the project money would be spent, but in the process, it would also incur substantial administrative expenses that might better be used for actual infrastructure repair and investment.

Extensions—Long Timeframe

And, more evidence—infrastructure bank’s inefficiency means no short-term solvency

Reinhardt, editor and publisher of Public Works Financing newsletter, former senior editor at McGraw-Hill’s Engineering News-Record magazine, 2011

William, Transportation Development Foundation, “The role of private investment in meeting U.S. transportation infrastructure needs,” May, http://www.artba.org/mediafiles/transportationp3whitepaper.pdf, last accessed 5.20.12

Timing is the most important issue. The economic crisis has left governments needing innovative strategies for their capital plans right now. Incentives need to be put in place to bring new investors into the market. While the proposed iBank is intended to address some of these needs, it won’t begin operations for a few years, if at all. For the P3 market to grow, more efficient funding options are needed now.

And, our cards are specific to the BUILD Act

Utt, Morgan Senior Research Fellow in Economic Policy, Heritage Foundation, 2011

Ronald D., The Washington Times, “Infrastructure bank doomed to fail,” September 14, http://www.washingtontimes.com/news/2011/sep/14/utt-infrastructure-bank-doomed-to-fail/, last accessed 5.25.12

Infrastructure bank bills introduced by Sen. John Kerry, Massachusetts Democrat, and Rep. Rosa L. DeLauro, Connecticut Democrat, illustrate the time-consuming nature of creating such a bank. Both bills are concerned — appropriately — with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team; how board members would be appointed; duties of the board; duties of staff; space to be rented; creating an orderly project solicitation process; an internal process to evaluate, negotiate and award grants and loans; and so on. This all suggests that it will take at least a year or two before the bank will be able to cut its first grant or loan check.

Economy Advantage 1nc Frontline

1. No impact—economic indicators are misleading—economic growth is strong, only our evidence is predictive

Perry, Senior Fellow, Economic Studies, 5-15-2012

George L., Brookings, “Bad Headlines but a good economy,” May 15, http://www.brookings.edu/research/opinions/2012/05/15-good-economy-perry, last accessed 5.25.12

If you had thought, as I did, that the U.S. economic expansion was getting healthier, you would have lost a bet on first quarter GDP growth. The preliminary estimate, which we got in late April, showed the economy grew at only a 2.2 percent annual rate, which was a slowdown from the previous quarter and well below the consensus estimate among economists. The GDP news raised the question of whether the expansion is running out of steam.

A week later, the jobs report for April added to that concern. Payroll employment rose only 115,000, after averaging gains of more than 200,000 a month over the previous half year. And the employment estimate from the household survey, which had been rising even more strongly than the payroll data, was even weaker in April. The unemployment rate did not rise, but only because more of those without work were not actively looking for jobs.

So how worried should we be about the health of the expansion? Fortunately, both the GDP and employment reports had better news in the details than in the headline numbers. A drop of 15,000 in government employment contributed to the weak April jobs report. And a decline in government purchases held back first quarter GDP. Spending on national defense fell by 8.1 percent and purchases by state and local governments fell by 1.2 percent (all changes are annual rates). These declines in government spending were an unwanted headwind that subtracted 0.6 percentage points from first quarter GDP growth. But to judge the underlying health of the expansion, the state of private sector demands provides better clues.

Private demand rose by 2.8 percent in the first quarter, and the gains were strongest in some sectors that typically lead cyclical upswings but have only recently come to life this time. Consumer spending on durable goods rose at a 15 percent rate, with auto sales running 8 percent above year earlier levels. Residential construction, the sector that crashed the hardest in the recession and that has been very slow to recover, rose at a 19 percent rate in the quarter.

Private demands were held back by a 12 percent decline in business investment in structures in the first quarter. But this does not portend a general weakness in business investment going forward. The decline came from drillers shutting down rigs in the gas fields in order to move them to fields with oil and gas liquids whose prices are higher than gas prices. Without this temporary decline in drilling activity, private sector demands would have been up 3.2 percent in the first quarter.

Other recent data further support the view that the economy will be growing, not stalling, in the quarters ahead. Income gains have been disappointingly small in recent months, but spending has outpaced disposable income and consumer credit is rising. Both suggest spending optimism by consumers. Permits for new home construction, which presage new homebuilding, are up sharply. And gasoline prices, which had been widely described as heading for $5 a gallon, have instead recently declined.

The risk that higher oil prices would derail the expansion is now slim. Oil inventories are high, the Saudis have expanded production, the risk of disruptions to Middle East supplies has receded, and U.S. production keeps rising. The risk that eurozone troubles could seriously disrupt the U.S. economy is nearer to being tested. But we seem well insulated against financial spillovers. And, if it comes, a shift to less austerity would be better for Europe and its trading partners than the present situation.

Whether, over the next six months, the economy is good enough to be an asset to President Obama or bad enough to be a help to candidate Romney is still unclear. But economic prospects are better than recent headlines would lead you to believe.

Economy Advantage 1NC Frontline

1. No solvency—previous stimulus failures prove the infrastructure bank would be no different

Utt, Morgan Senior Research Fellow in Economic Policy, Heritage Foundation, 2011

Ronald D., The Washington Times, “Infrastructure bank doomed to fail,” September 14, http://www.washingtontimes.com/news/2011/sep/14/utt-infrastructure-bank-doomed-to-fail/, last accessed 5.25.12

President [Obama](http://www.washingtontimes.com/topics/barack-obama/) remains enamored of an “infrastructure bank,” an idea flogged, in one shape or another, for several years now.

All of the proposals floated to date involve creating a new federal bureaucracy that would provide loans and grants for construction or repair projects sought by state or local governments. In some proposals, those funds would be provided via the congressional appropriations process. In others, the bank simply would borrow the money.

But no matter what the source of the cash, this hard fact remains: An infrastructure bank would do little to spur the economic recovery — and nothing to create new jobs.

Such a bank has all the liabilities of the American Revitalization and Investment Act of 2009 (ARRA). You’ll recall that this $800 billion “stimulus” included $48.1 billion for transportation infrastructure. Yet, as the president acknowledged recently and the [Heritage Foundation](http://www.washingtontimes.com/topics/heritage-foundation/)predicted, the funded projects have been very slow to get under way and have had little impact on economic activity.

Why is an infrastructure bank doomed to fail? For starters, it’s not really a bank in the common meaning of the term. The infrastructure bank proposed in the president’s 2011 highway reauthorization request, for example, would provide loans, loan guarantees and grants to eligible transportation infrastructure projects. Its funds would come from annual appropriations of $5 billion in each of the next six years.

Normally, a bank acts as a financial intermediary, borrowing money at one interest rate and lending it to creditworthy borrowers at a somewhat higher rate to cover the costs incurred in the act of financial intermediation. That would not be the case here.

Grants are not paid back. As a former member of the National Infrastructure Financing Commission observed, “Institutions that give away money without requiring repayment are properly called foundations, not banks.”

Infrastructure bank bills introduced by Sen. John Kerry, Massachusetts Democrat, and Rep. Rosa L. DeLauro, Connecticut Democrat, illustrate the time-consuming nature of creating such a bank. Both bills are concerned — appropriately — with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team; how board members would be appointed; duties of the board; duties of staff; space to be rented; creating an orderly project solicitation process; an internal process to evaluate, negotiate and award grants and loans; and so on. This all suggests that it will take at least a year or two before the bank will be able to cut its first grant or loan check.

Indeed, the president’s transportation “bank” proposal indicates just how bureaucracy-intensive such institutions would be. It calls for $270 million to conduct studies, administer the bank and pay the 100 new employees required to run it.

In contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local and federal levels. Yet, despite the staff expertise and familiarity with the process, as of July — 2½ years after the enactment of ARRA — 38 percent of the transportation funds authorized were still unspent, thereby partly explaining ARRA’s lack of impact.

The president’s fixation on an infrastructure bank as a means of salvation from the economic crisis at hand is — to be polite about it — a dangerous distraction and a waste of time. It also is a proposal that has been rejected consistently by bipartisan majorities in the House and Senate transportation and appropriations committees.

Those rejections have occurred for good reason. Based on the ARRA’s dismal and remarkably untimely performance, an infrastructure bank likely would yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity. And whatever it did manage to spend would have to be borrowed, only adding to the deficit.

That’s no way to meet the economic challenges confronting the nation.

3. Impacts empirically denied—four years of recession haven’t led to their impacts, no reason why now is key

Economy Advantage 1nc Frontline

4. No impact-- **Neofunctionalism prevents another Great depression**

**Wade Dokken, co-founder of WealthVest Marketing, December 13, 2010**

(“Ten Major Differnces between the Great Depression and Today’s Recession,” accessed 4/29/11 http://www.wealthvest.com/blog/wade-dokken/4191/)

The first significant difference between the Great Depression and our Great Recession is that there is a significantly larger amount of neo-functionalism today than there was during the Great Depression. Simply put, there has been a growth of technical economic institutions that have required the growth of political institutions as a result. This need to compensate economic markets with governance is known as the “spill-over” effect.

Brue Bartlett of Forbes elaborated on October 2009,

Policymakers were united in their desire to make sure this didn’t happen if humanly possible. Many postwar institutions such as the World Bank, General Agreement on Tariffs and Trade and International Monetary Fund were created to fix various problems thought to be responsible for the Great Depression. Congress even passed a law, the Employment Act of 1946, which requires the president to do everything in his power to prevent another depression.

These institutions have played a vital role in alleviating the severity of bust cycles. The dollar has always been one of the more stable currencies in modern times, but the European Union and the creation of a common, standard currency for the EU has positively increased the stability of the major currencies. This has prevented the massive hyperinflation experienced in the German and Hungarian currencies that occurred during the global Great Depression. Increased political coordination through international institutions has also increased response time and readiness to handle international economic crises.

5. No solvency—business confidence not stimulus for jobs key to economic recovery

LA Times June 11 2012

([http://articles.latimes.com/2012/jun/11/opinion/la-ed-economy-fiscal-cliff-20120611 accessed 6/13/12](http://articles.latimes.com/2012/jun/11/opinion/la-ed-economy-fiscal-cliff-20120611%20accessed%206/13/12) tm)

Bernanke's remarks came amid a [global economic slowdown,](http://lat.ms/KEgUzB) with Europe, Asia and China in varying degrees of decline. In the U.S., employment and economic growth have been sluggishsince last year's surge, repeating the [up-and-down pattern](http://lat.ms/KDTytU) of the first two years of President Obama's administration. Yet corporate profits have been rising for two years, and companies are sitting on cash hoards worth more than [$1.5 trillion.](http://lat.ms/KDUr5T) In other words, corporate America has the wherewithal to hire and expand, but not the willingness to put the money at risk.

Economy Advantage Extensions—No Solvency [Generic Infrastructure]

And, more evidence—consensus and empirics prove no job creation from infrastructure

Markay, Investigative Reporter for Heritage’s Center for Media and Public Policy, 2011

Lachlan, Heritage, “Obama v. the evidence: Infrastructure spending is no job creator,” July 11, http://blog.heritage.org/2011/07/11/obama-vs-the-evidence-infrastructure-spending-is-no-job-creator/, last accessed 5.25.12

But if the president has learned anything from the apparent failure of his policies to spur job growth, he sure didn’t show it. A central element of his proposed unemployment solution is still the creation of an “infrastructure bank that could put construction workers to work right now rebuilding our roads and our bridges and our vital infrastructure right now.”

All of this despite the preponderance of evidence showing that federal infrastructure spending is not the boon for the economy that Obama claims. In fact, the Congressional Budget Office, the Congressional Research Service, and the Government Accountability Office have all concluded that such spending has at best a marginal impact on employment, and may even yield a net loss in jobs.

In a series of studies in 2000, the Department of Transportation used economic modeling to conclude that each billion dollars in infrastructure spending would create 47,576 job-years. That study was used to tout infrastructure spending in the stimulus package, and to justify such spending thereafter.

But USDOT’s study considered federal spending in the abstract, and thus failed to account for the hidden costs of extracting money from one part of the economy and spending it elsewhere. The Heritage Foundation’s Ronald Utt [explained the flawed logic](http://www.foundry.org/2010/01/11/ap-confirms-government-infrastructure-spending-does-not-create-jobs/)thusly:

In the real world, the additional federal borrowing or taxing needed to provide this additional $1 billion means that $1 billion less is spent or invested elsewhere and that the jobs and products previously employed by that $1 billion thus disappear. Regardless of how the federal government raised the additional $1 billion, it would shift resources from one part of the economy to another, in this case to road building. The only way that $1 billion of new highway spending can create 47,576 new jobs is if the $1 billion appears out of nowhere as if it were manna from heaven…

Because of these inherent limitations, [input/output] models such as the one used by USDOT should be used with great caution, and their limitations and artificial assumptions should be clearly acknowledged. When these conditions are considered, the job-creation potential of any spending scheme will be found to be a small fraction of what such models initially report.

Even some I/O studies have found the benefits of infrastructure spending to be negligible. The aforementioned CRS report, for instance, used I/O models to measure the impact of such spending, and concluded (see link above for details):

To the extent that financing new highways by reducing expenditures on other programs or by deficit finance and its im­pact on private consumption and investment, the net impact on the economy of highway construction in terms of both output and employment could be nullified or even negative.

Unlike CRS and USDOT, the Government Accountability Office actually studied the track record of an infrastructure project – the Emergency Jobs Act of 1983 – and found similarly unimpressive results. “Funds were spent slowly and relatively few jobs were created when most needed in the economy,” GAO found. The jobs that were created by infrastructure spending “represented less than 1 per­cent of about 5.8 million jobs created by the economy since the act was passed.”

The Congressional Budget Office took a different approach, and conducted a review of 10 years of academic data on the relationship between federal spending and job creation. On infrastructure spending, the CBO had this to say:

The available information suggests three conclusions: some investments in public infrastructure can be justified by their bene­fits to the economy, but their supply is lim­ited; some (perhaps substantial) portion of federal spending on infrastructure displaces state and local spending; and on balance, available studies do not support the claim that increases in federal infrastructure spending would increase economic growth.

In short, a variety of studies using very different methodologies suggest that infrastructure spending is not an unemployment solution, and may even make the situation worse. So it should have come as little surprise, nearly a year after the president passed his stimulus package, that “a surge in spending on roads and bridges has had no effect on local unemployment and only barely helped the beleaguered construction industry,” as the Associated Press [reported](http://news.yahoo.com/s/ap/20100111/ap_on_bi_ge/us_stimulus_unemployment).

Competitiveness Advantage 1nc Frontline

1. No solvency for ports—two reasons:
   1. No reason the bill would prioritize funds towards lower cost port projects versus bigger high-speed rail projects
   2. Long timeframe and lack of targeted selection process

Cook, Fordham Law School, 2010

Christopher, Fordham Urban Law Journal, “Funding port-related infrastructure and development: the current debate and proposed reform,” Vol. 38, Iss. 5, http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=2380&context=ulj, last accessed 5.25.12

President Obama resurrected the discussion of a National Infrastructure Bank during a 2010 Labor Day speech and in his calls for increased infrastructure investment during the 2011 State of the Union Address. On March 15, 2011, Senators John Kerry and Kay Bailey Hutchison introduced the Building and Upgrading Infrastructure for Long-term Development (“BUILD”) Act. The BUILD Act creates an American Infrastructure Financing Authority (“AIFA”), a type of infrastructure bank, to help “facilitate investment in, and long-term financing of, economically viable infrastructure projects of regional or national significance…” An eligible project could include roads, bridges, rail, water systems, or power grids. The BUILD Act provides for an initial government investment of $10 billion that could “leverage up to $600 billion in private investments to repair, modernize, and expand… [the United States’] ailing infrastructure system.” The AIFA’s Board of Directors would be responsible for monitoring and overseeing the funding of eligible projects. In meeting eligibility requirements, projects must have a minimum estimated cost of $100 million; however, qualifying projects in rural areas would need to demonstrate costs equal to or greater than $25 million.

Setting a lower cost threshold for rural area is an improvement over a previous infrastructure bank proposal, which would have allocated funds only for projects with an estimated cost equal to or greater than $75 million. In the context of addressing the current infrastructure and development crisis specific to U.S. ports, however, the BUILD Act presents two potential issues: (1) establishing a functional infrastructure bank could take a significant amount of time, and (2) the scope of project eligibility is very broad. A more targeted and expedited funding mechanism could be achieved through the assessment of cargo-based feeds, which would be collected and reinvested by local authorities.

1. Alt cause—high corporate tax burden kills U.S. competitiveness

Kim, Fellow, Heritage Foundation, specialist in free trade, 2010

Anthony B., Heritage, “U.S. Losing Global Competitiveness with High Corporate Tax Burden,” February 2, http://blog.heritage.org/2010/02/02/u-s-losing-global-competitiveness-with-high-corporate-tax-burden/, last accessed 5.25.12

High corporate tax rates are undermining U.S. international competitiveness. The global economy continues to demand that companies be flexible and swift in order to remain competitive. High tax rates deprive companies of both the means and the incentive to take advantage of new market opportunities or technological changes that can improve productivity.

Most advanced countries in the world have responded to new global economic realities by slashing corporate tax rates. The U.S. stands almost alone in having resisted such cuts, and its corporate tax rates are now among the highest in the world. Future U.S. prosperity depends on the willingness of our political leaders to resist populist anti-corporate dogma and make the necessary adjustments to keep the U.S. economy competitive.

Competitiveness Advantage 1nc Frontline

1. Alt cause—can’t solve for productivity—structural issues outweigh

Hersh, Fellow at Center for American Progress, and Weller, Fellow at Center for American Progress, 2011

Adam S. and Christian E., Center for American Progress, “Growing Concerns about Future U.S. Competitiveness,” May, http://www.americanprogress.org/issues/2011/05/pdf/productivity\_snapshot.pdf, last accessed 5.25.12

Productivity growth—the rate at which firms raise the quantity and quality of the stuff they make during a given amount of work in, say, an hour along with other given inputs—determines how much our standard of living will increase over time. Productivity growth is also a crucial determinant of U.S. competitiveness in the global marketplace. Higher productivity means U.S. companies are able to sell more globally— producing more and better products than their competitors with their given inputs, workers, factories, office buildings, computers, and so on.

Productivity growth also is closely tied to the pace of business investment in things like commercial construction, such as factories and office buildings; in equipment, such as assembly lines and computers; and in software and other innovations. All of these types of investments lead to productivity growth, and productivity growth leads to increases in our standard of living in the long run.

As the U.S. economy climbs out of the Great Recession, several economic trends raise concerns about the future outlook for U.S. productivity growth. First, productivity growth is already below the average rate of growth that has historically been recorded 39 months after a business cycle started. It is much harder to accelerate productivity growth than to maintain a significant growth rate, so the current below-average performance poses a challenge for businesses and policymakers alike.

Second, business investment, especially in factories and other commercial real estate, continues at a slow pace, unlike other business cycles when business investment surges after the end of the recession drove strong economic and labor market recoveries. The rate of business investment in this business cycle, from December 2007 to March 2011, barely keeps pace with the depreciation of existing capital. Businesses are spending most of their investment dollars just to replace obsolete equipment and rebuild outdated factories and office buildings. The capital base of U.S. industries is hence barely growing, which makes it harder to increase productivity growth in the future.

And the data clearly indicate that businesses have sufficient funds to finance more investment but would rather use those funds for other purposes. Nonfinancial corporations are sitting on large piles of cash, with many using all of their profits and more to support the price of their shares through dividend payouts and share repurchases.

Third, the poor performance of business investment raises questions about the effectiveness of banks and other financial institutions to channel financial resources from savers into economically productive uses, as opposed to speculation and executive compensation. The financial system as a whole is not providing incentives for real investment, and the venture capital industry is directing fewer resources to early-stage startup companies.

The consequences of these developments are plain to see. The U.S. high-tech trade deficit is widening once again, which suggests that the U.S. high-tech manufacturers are losing ground in the global marketplace despite the increasing international competitiveness of the dollar that helps make U.S. exports cheaper than would otherwise be the case. And although our economy continues generating new intellectual properties, U.S. entities are falling behind the pace of patent grants.

**4. Even if they win they increase hegemony in the short-term, other countries are gaining the ability to block U.S. power, making it politically impossible to advance U.S. hegemony**

Gvosdev, is the former editor of the National Interest, and a frequent foreign policy commentator in both the print and broadcast media. He is currently on the faculty of the U.S. Naval War College*,* 2010

(Nikolas K. World Politics Review“Finding a New Model of American July 13, 2010Leadership,”http://www.worldpoliticsreview.com/articles/6023/finding-a-new-model-of-american-global-leadership) SM

As a result, the United States must play an exceedingly challenging hand in the current environment. The first card in that hand is that it is becoming easier for other countries to block U.S. power or to raise the costs for Washington to act, to the point that, although action might still be feasible on paper, it becomes politically impossible. The net result of these developments, [as Judah Grunstein argues](http://www.worldpoliticsreview.com/trend-lines/5938/anti-access-and-power-projection) will be to create "political constraints [that] will more likely channel American foreign and defense policy into a more modest period of restraint." As [Ramesh Thakur observed](http://www.usip.org/events/preventing-violent-conflict-principles-policies-and-practice)a recent conference held at the U.S. Institute of Peace, rising powers like China and India will not be content in a world where they are rule-abiders, rather than agenda-setters. The U.S. is fast losing its ability to impose its vision should other powers actively choose to resist. But even when there is no deliberate pushback, merely a lack of support and compliance, Washington is finding it harder to advance its agenda.

# Competitiveness Advantage 1nc Frontline

**5. No internal link Domestic innovation and competitiveness aren’t key to heg and competitors’ growth is unsustainable.**

Reihan **Salam**, Schwartz Fellow at the New American Foundation, “ROBERT PAPE IS OVERHEATED,” 1/21/**2009**, http://www.theamericanscene.com/2009/01/21/robert-pape-is-overheated

Pape spends a lot of time demonstrating that U.S. economic output represents a declining share of global output, which is hardly a surprise. Yet as Pape surely understands, the more relevant question is how much and how readily can economic output be translated into military power? The European Union, for example, has many state-like features, yet it doesn’t have the advantages of a traditional state when it comes to raising an army. The Indian economy is taxed in a highly uneven manner, and much of the economy is black — the same is true across the developing world. As for China, both the shape of the economy, as Yasheng Huang suggests, and its long frontiers, as Andrew Nathan has long argued, pose serious barriers to translating potential power into effective power. (Wohlforth and Brooks give Stephen Walt’s balance-of-threat its due.) So while this hardly obviates the broader point that relative American economic power is eroding — that was the whole idea of America’s postwar grand strategy — it is worth keeping in mind. This is part of the reason why sclerotic, statist economies can punch above their weight militarily, at least for a time — they are “better” at marshaling resources. Over the long run, the Singapores will beat the Soviets. But in the long run, we’re all dead. And given that this literature is rooted in the bogey of long-term coalition warfare, you can see why the unipolarity argument holds water. At the risk of sounding overly harsh, Pape’s understanding of “innovativeness” — based on the number of patents filed, it seems — is crude to say the least. I recommend Amar Bhidé‘s brilliant critique of Richard Freeman, which I’ll be talking about a lot. Pape cites Zakaria, who was relying on slightly shopworn ideas that Bhidé demolishes in The Venturesome Economy. **The “global diffusion of technology”** is real, and if anything it **magnifies U.S. economic power**. “Ah, but we’re talking about the prospect of coalition warfare!” The global diffusion of technology is indeed sharply raising the costs of military conquest, as the United States discovered in Iraq. The declining utility of military power means that a unipolar distribution of military power is more likely to persist. And yes, it also means that unipolar military.

# States Counterplan—1nC Shell [1/1]

Text:

The fifty states of the United States and all relevant territories should create independent state infrastructure banks. We’ll clarify

Contention One is Competition—the counterplan competes through disads to federal government action

Contention Two is Solvency

States can create successful infrastructure banks without federal oversight

Puentes, Senior Fellow and Director, Metropolitan Infrastructure Initiative, Brookings Institution, 2011

Robert, Brookings, “State Transportation Reform: Cut to Invest in Transportation to Deliver the Next Economy,” February, http://www.brookings.edu/~/media/research/files/papers/2011/2/22%20infrastructure%20puentes/0222\_infrastructure\_puentes.pdf, last accessed 5.22.12

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

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

States CP Solvency Extensions—Flexibility/Financing

And, state infrastructure banks are more flexible—able to provide a variety of financing options

Giglio, Ph.D., professor of strategic management at Northeastern University’s College of Business Administration, 2011

Joseph, Patriot Ledger, “Infrastructure bank provides invaluable resources,” December 5, http://www.patriotledger.com/topstories/x1178219699/COMMENTARY-Infrastructure-bank-provides-invaluable-resources?zc\_p=0, last accessed 5.25.12

Under the 2005 Federal Highway Authorization bill, known as SAFETEA-LU, all states were given the authority to establish state and even regional infrastructure banks. This followed a period during the 1990s when at different times anywhere from 10 to 39 states were allowed to experiment with these banks under a series of federal pilot programs.

A state infrastructure bank (SIB) offers several major benefits. First, it allows a state to leverage existing scarce resources. States can build more projects with fewer dollars and accelerate construction, especially for projects whose economic benefits can be identified and captured. This approach ameliorates the impact of inflation on construction costs and allows benefits like job creation, private sector income and tax revenue to be realized sooner than they would be using traditional infrastructure investment.

Second, by offering an array of financing tools such as low-interest loans, refinancing and construction financing, an SIB can increase flexibility by tailoring financing packages to meet specific project needs. Closely related, infrastructure banks can facilitate projects that are financially tenuous by providing lines of credit or insurance.

Equally important, the availability of a menu of financing tools coupled with the ability to have other debt paid before the infrastructure bank loan is paid back can attract private capital and local government funding, further enhancing a state’s ability to husband scarce infrastructure funding resources.

A third benefit to creating an SIB is the opportunity for states to develop a self-renewable, insulated source of future capital. Simply put, an SIB recycles resources by re-loaning funds as they are repaid. The repaid funds effectively become state resources. In addition to increased leverage and additional flexibility, this allows states to develop and control their own source of capital.

Federalism Links—infrastructure bank

A federal infrastructure bank kills normal state authority over infrastructure

Mallet, Specialist in Transportation Policy, Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, 2011

William, Steven and Kevin, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” December 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, last accessed 5.20.12

A fourth possible disadvantage is that a national infrastructure bank may shift some decision making from the state and local level to the federal level. Although the initiation of projects will come from state and local decision-makers, a national infrastructure bank will make the final determination about financing. Some argue that this will reduce state and local flexibility and give too much authority to centralized decision-makers divorced from local conditions.54

Fiscal Discipline Links—infrastructure bank spending

And, an infrastructure bank would cause runaway spending on wasteful infrastructure projects—wastes stimulus that could be used for more productive projects

Washington Times, 2011

“Editorial: Obama’s infrastructure boondoggle,” March 16, http://www.washingtontimes.com/news/2011/mar/16/obamas-infrastructure-boondoggle/, last accessed 5.22.12

The last thing America needs right now is another government agency. Apparently, [Sen. John Kerry](http://www.washingtontimes.com/topics/john-kerry/), Massachusetts Democrat, doesn’t agree. On Tuesday, he announced his intention to establish the [American Infrastructure Financing Authority](http://www.washingtontimes.com/topics/american-infrastructure-financing-authority/) ([AIFA](http://www.washingtontimes.com/topics/american-infrastructure-financing-authority/)). President [Obama](http://www.washingtontimes.com/topics/barack-obama/) has championed the idea as an “innovative” solution to our transportation and energy problems. This bad idea was actually lifted directly out of the New Deal playbook.

[Mr. Kerry](http://www.washingtontimes.com/topics/john-kerry/)’s plan would spend $10 billion in taxpayer funds to create an infrastructure bank that offers loans and loan guarantees for transportation, energy and water projects deemed to be of public benefit. The idea is to leverage the taxpayer cash into $640 billion worth of investment in infrastructure. That extra $630 billion doesn’t come from thin air; ultimately, it would be extracted from the taxpayers’ pockets. “We will still need public funding, or if we use private dollars, they will still have to be paid back with tolls or something else,” said [Sen. Mark Warner](http://www.washingtontimes.com/topics/mark-warner/), Virginia Democrat, at a Tuesday press conference in support of the bill.

Individuals would pay those tolls and extra charges to construct projects deemed unsuitable by private investment banks. Traditionally, financial firms that answer to shareholders only approve the deals that are most likely to succeed. [Mr. Kerry](http://www.washingtontimes.com/topics/john-kerry/)’s agency would be set up to give the necessary edge for marginal and uneconomic boondoggles. This reduces the amount of capital available to more promising endeavors. On the other hand, politically correct monetary sinkholes like high-speed rail, windmills and solar panels would thrive.

In theory, this bank would eventually pay for itself through fees charged for its loan services, but it will never operate like a real company. The agency’s board of directors is appointed by the president with the majority reflecting the beliefs of the party occupying the White House. It will be staffed by civil servants beholden to big government for their paychecks. Those on the public dole have never been particularly adept at protecting the interests of the people who pay those plush salaries.

[Mr. Kerry](http://www.washingtontimes.com/topics/john-kerry/) asserted that because the deals would be funded from tolls and other charges, “The chances of this failing are really miniscule.” Yet the risk is substantial as toll roads have a long history of failure. The very first High-Occupancy Toll project, the 91 Express Lanes in Orange County, Calif., required a $135 million bailout in 2002. Greenville, S.C.’s Southern Connector went bust in June. Closer to home, Richmond’s Pocahontas Parkway required a state bailout. In Australia, three multibillion-dollar tolling schemes went bankrupt in the past three years.

This is relevant because the agency’s “leverage” comes from risking the full faith and credit of the U.S. government against the integrity of these projects. This is an arrangement developed by President Franklin D. Roosevelt, who created the government-sponsored enterprises that became Fannie Mae and Freddie Mac. We know how well that turned out, with taxpayers facing a bill of up to $250 billion to clean up the mess.

Politics Links—Plan Unpopular [GOP]

Plan costs political capital—Republicans oppose—distinction about leveraging private investment is irrelevant

Marshall, President of the think tank Progressive Policy Institute, and Thomasson, Economic and Domestic Policy Director for the Progressive Policy Institute, 2011

Will and Scott, Progressive Policy Institute, “Sperling on ‘Deferred Maintenance,’” October 7, http://progressivepolicy.org/sperling-on-%E2%80%9Cdeferred-maintenance%E2%80%9D, last accessed 5.22.12

President Obama’s $447 billion jobs plan includes some constructive – literally – provisions for upgrading America’s economic infrastructure. These shouldn’t be controversial: Who could be against putting people to work rebuilding the rickety foundations of U.S. productivity and competitiveness?

Well, Republicans, that’s who. They have dismissed the president’s call for $50 billion in new infrastructure spending as nothing more than another jolt of fiscal “stimulus” masquerading as investment.

It’s hard to imagine a more myopic example of the right’s determination to impose premature austerity on our frail economy. From Lincoln to Teddy Roosevelt to Eisenhower, the Republicans were once a party dedicated to internal nation building. Today’s GOP is gripped by a raging anti-government fever which fails to draw elementary distinctions between consumption and investment, viewing all public spending as equally wasteful.

Politics Links—Plan Unpopular [GOP]

Plan would cost political capital—GOP sees bank as wasteful stimulus spending

Wall Street Journal, 2011

Josh Mitchell, “Plan for Highway Bank Faces Uphill Battle,” August 15, http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html, last accessed 5.22.12

President Barack Obama is pressing Congress to create a new "infrastructure bank" to finance highway and rail construction, create jobs and jump-start the stalled economy, but the proposal faces hurdles on Capitol Hill.

White House officials have described the bank as a new government entity that would make loans to support public-works projects of regional and national significance with private funding. That includes interstate highways, rail lines linking Midwest farmers to West Coast ports, and equipment for planes to link up to a new satellite-based air-traffic-control network.

By luring more private capital to infrastructure projects with low-interest loans, the bank is designed to provide a long-term solution to more immediate problems.

The law authorizing the gasoline tax that provides the bulk of federal transportation money expires Sept. 30, and the tax, currently at 18.4 cents a gallon, isn't generating enough funds to keep pace with the nation's infrastructure needs anyway.

But the White House, House Republicans and some Senate Democrats differ on the best way to encourage more private investment in public infrastructure. Those disagreements are likely to be swept into a broader debate over how to shrink the federal deficit that could stretch to the November 2012 elections.

Some lawmakers fear that once they return from their August recess, a political fight over spending could delay reauthorization of the law for weeks or even months. The government would lose up to $100 million a day in gas-tax revenue, payments to states would be halted and construction jobs would likely be lost if the law lapses, business groups warn.

The U.S. Chamber of Commerce and others say they support the idea of an infrastructure bank but worry that the administration is giving short shrift to the more urgent problem.

"They have not focused on the need to pass a highway and transit bill," said Janet Kavinoky, the Chamber's chief lobbyist on transportation policy, noting that several years could pass before large-scale projects supported by the bank would get under construction. "We are very frustrated that they continue to hold out the bank as a substitute for doing a highway and transit bill."

A White House official said the administration has been in touch regularly with members of Congress to push for both a highway bill and a national infrastructure bank. The official said "no one is taking this for granted," referring to passage of the highway bill, and added that when the president talks about an infrastructure bank, he is referring to his long-term vision of how to reform transportation policies. In a time of dwindling public resources, said Jason Furman of the White House economic council, "you want to stretch the dollars you do have farther."

Under the White House plan, the infrastructure bank would augment current highway and transit programs. The bank would receive $30 billion over six years and would issue grants, loans and other financial tools.

The president's budget proposal in February suggested the bank reside in the Transportation Department and be controlled by an executive director and board of officials from various federal agencies. Projects would need to meet "rigorous" criteria to ensure they benefit the maximum number of people, preventing more "bridges to nowhere."

Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.

"How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it."

Politics Links—Plan Popular [Generic]

Plan popular—Kerry-Hutchinson bill garners bipartisan support

Wall Street Journal, 2011

Josh Mitchell, “Plan for Highway Bank Faces Uphill Battle,” August 15, http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html, last accessed 5.22.12

A bill unveiled this year, by Sens. John Kerry (D., Mass), Kay Bailey Hutchison (R., Texas) and Lindsey Graham (R., S.C.), and backed by the Chamber, would take a slightly different approach that could be more palatable to conservatives.

First, the price tag would be lower, with the bank getting $10 billion in initial "seed money." Aides to Mr. Kerry said last week that they were looking to lower that amount further and trying to find savings from other programs to fund the bank.

The bank would be controlled by a chief executive and a board appointed by the president and confirmed by the Senate. And it would issue only loans and loan guarantees, not grants, which critics have called a handout.

The proposal also requires that projects have a dedicated revenue stream—tolls—to ensure the money is paid back. And by limiting funding assistance to 50% of a project's costs, proponents say, the risk to taxpayers would be limited.

Mr. Kerry said the bank, under his bill, would finance economically viable projects without political influence.

"We can't keep pace with our rapidly crumbling infrastructure, and at the same time hardworking Americans are out of work. An infrastructure bank is the key to addressing both problems," Mr. Kerry said in a statement.

Politics Links—Plan Popular [Public]

And, public likes the plan—overwhelmingly support infrastructure investment

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

One study found that four out of every five Americans agree with the statement that: “In order for the United States to remain the world’s top economic superpower, we need to modernize our transportation infrastructure and keep it up to date.” Another study found that almost 19 out of 20 Americans are concerned about America’s infrastructure and 84 percent support greater investment to address infrastructure problems.