**Inherency**

**---Infrastructure Bank failed**

**---SQ Funding Fails**

**---No P3s in SQ**

**Solvency**

**---I-Bank fixes funding issues**

**---I-Bank key to P3s**

**---I-Bank key to jobs**

**---We solve Now**

**---P3s key to Infrastructure**

**---Federal Government is Key**

**---Misc. Solvency**

**Economy**

**---US Competitiveness Low**

**---Construction/Manufacturing key Economy**

**---Infrastructure key to Competitiveness**

**---Infrastructure key to Jobs**

**---Competitiveness/Economy Impacts**

**Emissions**

**---Co2 kills biodiversity**

**---Biodiversity Impacts**

**---Infrastructure key to CO2 emissions**

**---Global Warming extensions**

**A2 File**

**---A2: Politics (Plan helps Obama)**

**---A2: Politics (Plan hurts Obama)**

**Inherency --- I-Bank Failed**

**An Infrastructure Bank faces political opposition—it is dead on arrival**

# *Washington Post. “House leader says Obama infrastructure bank proposal is ‘dead on arrival’” 10/12/11. Url:* [*http://www.washingtonpost.com/blogs/dr-gridlock/post/house-leader-says-obama-infrastructure-bank-proposal-is-dead-on-arrival/2011/10/12/gIQASlP2fL\_blog.html*](http://www.washingtonpost.com/blogs/dr-gridlock/post/house-leader-says-obama-infrastructure-bank-proposal-is-dead-on-arrival/2011/10/12/gIQASlP2fL_blog.html)

[President Obama’s proposal for a new federal bank to fund highway and bridge revitalization](http://www.washingtonpost.com/business/economy/how-obamas-plan-for-infrastructure-bank-would-work/2011/09/19/gIQAfDgUgK_story.html) and meet other infrastructure needs is destined to die in the House, a key Republican congressman said Wednesday. [John L. Mica (R.-Fla.)](http://projects.washingtonpost.com/congress/members/M000689), who is chairman of the [House Transportation Committee](http://transportation.house.gov/) and in tune with the thinking of the House leadership, declared the Obama plan “dead on arrival.” Mica proposed several alternative means to fund infrastructure demands.

**The Infrastructure Bank Failed**

***Washington Post. “Another Jobs Bills Fails”. Ezra Klein’s Wonkblog, Washington Post. 11/4/11.  
URL:*** [*http://www.washingtonpost.com/blogs/ezra-klein/post/wonkbook-another-jobs-bill-fails/2011/11/04/gIQAsViSlM\_blog.html*](http://www.washingtonpost.com/blogs/ezra-klein/post/wonkbook-another-jobs-bill-fails/2011/11/04/gIQAsViSlM_blog.html)

**The Senate has blocked another part of the jobs bill,** [reports](http://link.email.washingtonpost.com/r/PSLW3N/0B/QLWX/ZH/G4Q8O/MQ/h) **Rosalind Helderman:** "The Senate shot down another piece of [President Obama’s $447 billion jobs bill](http://link.email.washingtonpost.com/r/PSLW3N/0B/QLWX/ZH/WP8DE/MQ/h) Thursday, as a stalemated Congress goes through the motions of attempting legislation to spur economic growth largely as a mechanism to allow each party to blame the other for the failure to act. The chamber failed to advance a measure to spend $50 billion on highway, rail, transit and airport improvements and another $10 billion as seed money for an infrastructure bank designed to spark [private investment in construction](http://link.email.washingtonpost.com/r/PSLW3N/0B/QLWX/ZH/A2X1B/MQ/h). The vote was 51 to 49 in favor, but the measure needed 60 votes to proceed to a full debate...All 47 Senate Republicans joined Sens. Ben Nelson (D-Neb.) and Joseph I. Lieberman (I-Conn.) in opposing the Obama infrastructure measure."

**Inherency---SQ Funding Problems**

**The current system is biased against maintenance, which is more effective.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

While federal investment allows maintenance funding, most of the investment is geared towards new capital assets. To the extent federal investment supports maintenance, state and local grantees use their transportation grants to cover major maintenance, such as major rehabilitation and repair of capital assets. However, without the funding of appropriate preventive maintenance, the useful service life of infrastructure assets is shortened unnecessarily.

Analyzing data provided by the Federal Highway Administration (FHWA), the Congressional Budget Office (CBO) found that maintenance of existing road infrastructure has higher net benefit than new construction, beyond a certain point. Efficient resurfacing projects had an average benefit-cost ratio double that of new lane projects.

**The system has a flawed selection process, focusing on formulas rather than cost-benefit analysis.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

In general, government investment is justified if the targeted capital asset is associated with a market failure and produces a net welfare benefit to society. While the market failure is usually easily identifiable, the costs and benefits of federal government financing for a project are harder to estimate. Many have called for investment in a capital asset to be justified based on economic analysis, such as a BCA or wider BCA that would intertwine quantitative and qualitative factors. While there are legal requirements for BCA based approaches, there is no uniform implementation or estimation for a wide range of projects.

**The current system fails to address long-term plans, encouraging budget overruns.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

A major complaint is the “short sightedness” of the federal investment process. The federal budget is released and updated annually, but there is little attention to long-term plans, and there are no mechanisms to hold policymakers accountable for the long-run effects of annual budgetary implementation. Overall, federal agencies lack comprehensive long-term capital plans. While not providing a unified view at the federal government level, a federal agency’s long-term capital plan would show an agency-wide perspective to inform congressional appropriations committees. Some congressional staff responsible for resource allocation and oversight of federal agencies expressed interest in receiving this type of information.

We 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

**No P3s in US**

The United States lacks behind in the use of PPPs for Infrastructure

Eduardo Engel (Yale University), Ronald Fischer (University of Chile in Santiago), Alexander Galetovic (Universidad de los Andes in Santiago). “Public-Private Partnerships to Revamp U.S. Infrastructure” The Hamilton Project. November 2011. <http://www.brookings.edu/research/papers/2011/02/~/media/Research/Files/Papers/2011/2/partnerships%20engel%20fischer%20galetovic/02_partnerships_engel_fischer_galetovic_paper.PDF>

The United States is a relative newcomer to PPPs. Even though there is an old nineteenth-century tradition of privately provided public infrastructure and even of private tolled roads and bridges, the United States still depends almost exclusively on the government for its public transport infrastructure (with the important exception of railroads).2 The two-decade trend toward PPPs that has revitalized the ways that many countries provide infrastructure has gained only little traction in the United States. Whereas the United Kingdom financed $50 billion in transportation infrastructure via PPPs between 1990 and 2006, the United States, an economy more than six times as large as that of the United Kingdom, financed only approximately $10 billion between those years. The use of PPPs to provide U.S. infrastructure increased fivefold between 1998-2007 and 2008-2010, however, in the immediate aftermath of the Great Recession (see Figure 2).

**US is a latecomer to P3s—This means we get best Solvency**

*William Eggers (noted authority on Public-Private Partnerships—over 2 dozen studies and books on the subject) and Tiffany Dovey (Research Assistant for Public Sector Research) “Closing America’s*

*Infrastructure Gap: The Role of Public-Private Partnerships” DeLoitte Research Study. March 31, 2011.* [*http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us\_ps\_PPPUS\_final(1).pdf*](http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_ps_PPPUS_final(1).pdf)

One offshoot of the rapid worldwide growth of public-private partnerships for infrastructure is that countries remain at vastly different stages of understanding and sophistication in using partnership models. In the US, most states and localities are still at the first stage of PPP development: designing the policy and legislative framework that enable successful partnerships, getting the deals right, building the marketplace, and so on. Being a latecomer to the PPP party can have its advantages, provided the right lessons are learned from the trailblazers overseas—and to some extent, here in the US—who have moved to more advanced stages. Meanwhile, states that are higher up the maturity curve could benefit from a deeper understanding of the challenges and potential solutions particular to each infrastructure area.

**Solvency---NIB Key to Funding Distribution**

**A NIB would resolve the flawed distribution methods, giving funding based on merit specifically to areas neglected in the status quo.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

A properly designed NIB is an attractive alternative for a new type of federal investment policy. In theory, an independent entity, insulated from congressional influence, would be able to select infrastructure projects on a merit basis. The federal investment through this entity would be distributed through criteria-based competition. It would be able to focus on projects neglected in the current system, such as multi-jurisdictional projects of regional or national significance. An NIB may introduce a federal investment process that requires and rewards performance, with clear accountability from both recipients and the federal government. These advantages are described below.

**NIB Uses Economic Analysis and Cost-Benefit Comparison to ensure societal benefit**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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.

**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.**

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.

**Solvency—I-Bank key to P3s**

**And, a national Infrastructure Bank would use Private-Public Partnership to limit costs**

# *Chris Isidore (CNNMoney) “Infrastructure Bank: Fixing how we fix roads”. September 7, 2011.*

# [*http://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm*](http://money.cnn.com/2011/09/07/news/economy/jobs_infrastructure/index.htm)

The idea is to create a government agency to help arrange financing for infrastructure projects using investments from private investors. Working through the I-Bank, the government would encourage private investment by providing cheap loans and loan guarantees. But it would only fund a fraction of the overall cost, just enough to attract private investors who would provide most of the financing.

States and municipalities would get much needed upgrades of bridges and roads. The local economies would get a stimulus boost from more people working. And the lion's share of the money would come from major institutional investors -- pension funds, hedge funds and sovereign wealth funds from other countries.

**More Private Capital is critical to Transportation Infrastructure—NIB Key**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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.

**NIB Solves by Leveraging Federal investment against other investment**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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.

**Solvency—I-Bank is Key to Jobs/Economy**

**The NIB is comparatively the best system—it boosts the economy while not straining the countries limited resources.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

A more competitive U.S. economy needs a better infrastructure system. In a time of limited resources, improving the federal investment process should be prioritized over finding ways to merely increase the amount of funding for infrastructure. Among other ideas, a federal capital budget and a national infrastructure bank have been proposed as solutions to the reform of the federal investment process. While a federal capital budget is an ambitious and comprehensive change to federal budget, it would provide little improvement to the federal investment process. A federal capital budget promises a better management of capital projects, but it comes with intractable accounting and budgeting problems. The use of depreciation would leave federal agencies asking Congress for money annually for projects already obligated. In terms of funding, the introduction of a federal capital budget would not provide significant additional revenues or protection for federal investment in infrastructure. If designed and implemented appropriately, a national infrastructure bank would be a targeted mechanism to deal with new federal infrastructure spending. An NIB would provide a better project selection process for neglected federal investment in infrastructure, such as capital projects across jurisdictions and state borders, but also there would be more rigorous evaluation of projects across different types of infrastructure. Yet an NIB is not a silver bullet for dealing with infrastructure reform, either. It would not overhaul the current federal investment, but be limited only to new projects it funded.

**An Infrastructure Bank would repair the economy—There are empirical examples around the world**

## *John Wasik (Reuters) “Job creation: Fixing America with an infrastructure bank”. August 5, 2011.* [*http://blogs.reuters.com/reuters-money/2011/08/05/job-creation-fixing-america-with-an-infrastructure-bank/*](http://blogs.reuters.com/reuters-money/2011/08/05/job-creation-fixing-america-with-an-infrastructure-bank/)

We have[iPhones](http://www.reuters.com/finance/stocks/overview?symbol=AAPL.OQ), iPods and iPads. Why not an “iBank?” This wouldn’t be an electronic gizmo that’s obsolete in a year, though. It would be a public-private partnership to bolster America’s infrastructure. It will create jobs, cut the deficit and repair what needs to be fixed all over the country. An infrastructure bank, or iBank, solves a lot of problems without busting the budget. Instead of providing direct government grants or earmarks for specific projects, loans are made by a government-banking entity. The U.S. is inexcusably late to the game on this time-tested idea. The European Investment Bank has financed some $350 billion in projects from 2005 through 2009. China spent 9 percent of its gross domestic product — also roughly $350 billion — to build subways, highways and high-speed rail in 2009 alone. [Brazil invested $240 billion](http://kerry.senate.gov/press/release/?id=4ecea306-d131-400c-9d96-1227cb356b15) over the past three years.

**Infrastructure Investment and a NIB is crucial to the economy both long and short term**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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

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.

**Specifically, an Infrastructure Bank is necessary for the transition to a clean economy—further delay risks crushing the clean energy sector for good.**

**Coalition for Green Capital**. (The Coalition for Green Capital (CGC) is working on the state, national and international level to establish investment funds that would provide low cost financing to clean energy and energy efficiency project.). “Creative Thinking on Infrastructure and Clean Energy”. 7/21/**2011.** <http://www.coalitionforgreencapital.com/1/post/2011/07/creative-thinking-on-infrastructure-and-clean-energy.html>

Intransigence in Congress stymies necessary action to address economic uncertainty. While the unemployment rate sits at 9.2 percent, **politicians refuse to move forward on job-creating legislation to help finance clean energy development and deployment.** [A study](http://www.brookings.edu/reports/2011/0713_clean_economy.aspx) released by the Brookings Institution last week, however, shows that **there are currently more jobs in the clean energy economy (2.7 million) than the fossil fuel industry (2.4 million).  The clean energy economy needs low cost finance to continue growing. American infrastructure needs a complete overhaul to maintain public health and a vibrant economy.  A national infrastructure bank offers a solution to these problems**. As a recent [article in Forbes](http://blogs.forbes.com/garyshapiro/2011/07/20/one-simple-way-to-get-americans-back-to-work/) explains, an infrastructure bank [as proposed](http://www.washingtonpost.com/opinions/rebuild-american-infrastructure-companies-offshore-profits-can-help/2011/06/15/AGlYAqXH_story.html) by Coalition for Green Capital CEO Reed Hundt and Thomas Mann of the Brookings Institution last month in The Washington Post, could be funded with repatriated foreign earnings from U.S. corporations brought back at a reduced tax rate set at an auction. The Forbes article describes how, “Under this plan, the economy would surge from the real stimulus of added investment and jobs. More people employed also means less government spending and more government tax revenue.”  Not only would **an infrastructure bank** create jobs without significant government spending, but its **investments in clean energy and energy efficiency would also smooth the transition to a strong domestic clean energy economy**.  An infrastructure bank offers a winning idea for the economy and for clean energy that should push through the current political stalemate.

**Solvency—We Solve Now**

**The Money is on the sidelines—We can resolve jobs, our dependence on foreign oil, and reducing our carbon footprint**

*Workforce Connections. (a Department of Labor Workforce Investment Board for Nevada) “Infrastructure Bank for Jobs” September 7, 2011. “*[*http://www.nvworkforceconnections.org/2011/09/infrastructure-bank-for-jobs/*](http://www.nvworkforceconnections.org/2011/09/infrastructure-bank-for-jobs/)

Pernick and Immelt both know that an attempt to repatriate profits in 2004 failed in its intent, as much of the money went right back to shareholders. But Immelt said conditions are now different, adding:  “Jobs need to be considered in any kind of repatriation strategy…I do think that done the right way, repatriation will create more jobs in the U.S. “ However it is initially funded by the federal government, some estimates indicate there may be as much [as $600 billion in private money currently on the sidelines](http://money.cnn.com/2011/09/07/news/economy/jobs_infrastructure/). If an infrastructure bank can be ramped up relatively quickly, it can be put to use improving the nation’s transportation, commerce and communication, while reducing greenhouse gases and dependence on foreign oil and creating jobs. It’s not only an idea that should be tested, but that could easily outlast this president — if only bipartisan analysis and action can prevail.

**The Money is On the Sideline—We Solve Immediately**

# *Chris Isidore (CNNMoney) “Infrastructure Bank: Fixing how we fix roads”. September 7, 2011.*

# [*http://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm*](http://money.cnn.com/2011/09/07/news/economy/jobs_infrastructure/index.htm)

But advocates say an I-Bank will bring in a flood of private sector money fairly quickly. Likosky said there are a lot of projects that could start as early as next year if the bank can be approved this fall.

"The U.S. has one of the highest percentage of projects in the world stuck in planning," Likosky said. "There is probably $500 to $600 billion sitting on the sidelines...that want to move into this sector. We'll actually have to be careful we don't bring too much in too quickly."

**Now is the key time for Infrastructure Investment—The workers need jobs and resources are cheap**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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.

**P3s key to Economy/Infrastructure**

**America’s Infrastructure is at a tipping point—Public Private Partnerships provide the best solution to problems in Status Quo funding**

Eduardo **Engel** (Yale University), Ronald **Fischer** (University of Chile in Santiago), Alexander **Galetovic** (Universidad de los Andes in Santiago). “Public-Private Partnerships to Revamp U.S. Infrastructure” The Hamilton Project. November **2011**. <http://www.brookings.edu/research/papers/2011/02/~/media/Research/Files/Papers/2011/2/partnerships%20engel%20fischer%20galetovic/02_partnerships_engel_fischer_galetovic_paper.PDF>

**After years of underfinancing much-needed repairs and maintenance to America’s infrastructure—by as much as $2.2 trillion, according to some estimates—digging out of the current deficit will be costly. And with state and local governments facing tight budgets, it may be decades before the work will be affordable**. The lack of resources for infrastructure improvement and maintenance extends beyond highways and affects a range of public capital investments, from levees to wastewater treatment and from transportation to schools. The dismal state of the nation’s current infrastructure could hamper future growth. **The ways that governments allocate new funding for infrastructure projects and the ways they build, operate, and maintain those projects has contributed to the problem. New spending often flows to less valuable new construction at the expense of funding maintenance on existing infrastructure. Further hindering efficiency, the traditional process for building infrastructure decouples the initial investment**—the actual building of a highway, for example—**from the ongoing costs of maintaining that highway.** As a result, the contractor building the highway often has little incentive to take steps to lower future operations and maintenance costs. Such inefficiencies likely contribute to falling rates of return on public capital investments. **One solution to these incentive problems is to bundle construction with operations and maintenance in what is known as a public-private partnership (PPP). Indeed, many governments around the world are turning to PPPs as a way to tap these efficiencies and to leverage private sector resources to augment or replace scarce public investment resources.**

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.

**P3s Solve Best---Laundry List**

*William Eggers (noted authority on Public-Private Partnerships—over 2 dozen studies and books on the subject) and Tiffany Dovey (Research Assistant for Public Sector Research) “Closing America’s*

*Infrastructure Gap: The Role of Public-Private Partnerships” DeLoitte Research Study. March 31, 2011.* [*http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us\_ps\_PPPUS\_final(1).pdf*](http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_ps_PPPUS_final(1).pdf)

Benefits of PPPs.Public-private partnerships are unlikely to fully replace traditional financing and development of infrastructure, but they offer several benefits to governments trying to address infrastructure shortages or improve the efficiency of their organizations. First, public-private partnerships allow the costs of the investment to be spread over the lifetime of the asset and thus can allow infrastructure projects to be brought forward by years compared with the pay-as-you-go financing typical of many infrastructure projects. Second, PPPs have a solid track record of on-time, on-budget delivery. Third, PPPs transfer certain risks to the private sector and provide incentives for assets to be properly maintained. Fourth, public-private partnerships can lower the cost of infrastructure by reducing both construction costs and overall life-cycle costs. Fifth, because satisfaction metrics can be built into the contract, PPPs encourage a strong customer service orientation. And finally, because the destination, not the path, becomes the organizing theme around which a project is built, public-private partnerships enable the public sector to focus on the outcome based public value they are trying to create.

**P3 are key to Transportation—Unique Reasons**

*William Eggers (noted authority on Public-Private Partnerships—over 2 dozen studies and books on the subject) and Tiffany Dovey (Research Assistant for Public Sector Research) “Closing America’s*

*Infrastructure Gap: The Role of Public-Private Partnerships” DeLoitte Research Study. March 31, 2011.* [*http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us\_ps\_PPPUS\_final(1).pdf*](http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_ps_PPPUS_final(1).pdf)

Internationally, transportation has been the largest area of PPP investment. Public-private partnerships have begun to play a central role in answering the pressing need for new and well maintained roads, tunnels, bridges, airports, ports, railways and other forms of transportation infrastructure.46 Several factors make transportation infrastructure well suited for PPPs. First, the strong emphasis on the role of cost and efficiency helps to align private and public interests. Second, the growing (but by no means universal) public acceptance of user fees for assets such as roads and bridges makes private financing easier here. (In other sectors fees often come from the government.) The ability to limit participation to actual paying customers, in the form of train tickets or road or bridge tolls, ensures a revenue stream that can offset some or all of the cost of service—a format readily understood by the public. In cases where direct user fees are not desirable, politically or otherwise, fees can be levied indirectly (see Port of Miami Tunnel sidebar). Third, the scale and long-term nature of these projects are well served by PPPs.

**Solvency—Key to HSR**

**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.

#### Long-term and predictable federal funding is necessary to encourage private investment

**Cotey**, June **2011** (Angela – associate editor of Progressive Railroading, California HSR Officials Contend with Criticism, Progressive Railroading, p. [http://www.progressiverailroading.com/high\_speed\_rail/article/California-HSR-officials-contend-with-criticism--26838#](http://www.progressiverailroading.com/high_speed_rail/article/California-HSR-officials-contend-with-criticism--26838))

But for CHSRA to achieve its larger vision, the authority will need tens of billions of dollars in additional funding — federal dollars included. The uncertainty surrounding the near- and **long-term prospects** for federal funding don’t affect CHSRA’s “day to day,” but it could impact the private sector’s willingness to pony up funds to help California build its sprawling system, says Barker. “It’s a little bit ironic because there are a lot of people, especially in Congress, saying they want private-sector participation, but private firms right now are seeing volatility and political strife, and that’s not an environment in which the private sector will want to participate,” he says. That’s why it’ll be critical for Congress to create a program to fund high-speed rail on an **ongoing basis**. And as long as the private sector is confident the federal government will pony up more funds for HSR development, there are plenty of firms interested in securing a stake in California’s project.

#### PPPs increase quality and the pace of HSR investments

**Dutzik, Schneider, and Baxandall**, Summer **2011** (Tony – frontier Group, Jordan – Frontier Group, and Phineas – U.S. PIRG Education Fund, High-Speed Rail: Public, Private or Both?, p. 16)

PPPs are often touted as being able to deliver infrastructure projects faster, cheaper or with better quality than a public-sector entity. This is not to say that private entities are inherently better suppliers of infrastructure than public agencies. Private entities bring many inherent disadvantages, including higher capital costs and the need to cover financial returns to shareholders. The process of undertaking a PPP also incurs transaction costs—such as the potential need to pay stipends to would-be bidders to help defray the cost of preparing proposals. 24 States and localities that have pursued toll road PPPs in the United States, for example, typically pay millions to auditing, consulting and legal firms. A key question for government agencies considering PPPs is the degree to which the savings purportedly delivered by private companies are real or illusory. Real savings can result from a private company’s access to expertise and experience, its ownership of proprietary technologies, or economies of scale. In the case of high-speed rail, there are several international firms that have amassed decades of experience in the construction and operation of high-speed rail lines, and may be effective competitors to build similar systems in the United States.

**NIB Solvency—Federal Govt Key**

A 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.

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.

Federal Government must fund multi-jurisdictional projects like high-speed rail

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.

The 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.

**Solvency—Misc**

**The NIB is comparatively the best system—it boosts the economy while not straining the countries limited resources.**

*Emilia Istrate and Robert Puentes (Brookings Institute) “Investing for Success: Examining a Federal Capital Budget and a National Infrastructure Bank”. December 2009.*

[*http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes.pdf*](http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210_infrastructure_puentes.pdf)

A more competitive U.S. economy needs a better infrastructure system. In a time of limited resources, improving the federal investment process should be prioritized over finding ways to merely increase the amount of funding for infrastructure. Among other ideas, a federal capital budget and a national infrastructure bank have been proposed as solutions to the reform of the federal investment process. While a federal capital budget is an ambitious and comprehensive change to federal budget, it would provide little improvement to the federal investment process. A federal capital budget promises a better management of capital projects, but it comes with intractable accounting and budgeting problems. The use of depreciation would leave federal agencies asking Congress for money annually for projects already obligated. In terms of funding, the introduction of a federal capital budget would not provide significant additional revenues or protection for federal investment in infrastructure. If designed and implemented appropriately, a national infrastructure bank would be a targeted mechanism to deal with new federal infrastructure spending. An NIB would provide a better project selection process for neglected federal investment in infrastructure, such as capital projects across jurisdictions and state borders, but also there would be more rigorous evaluation of projects across different types of infrastructure. Yet an NIB is not a silver bullet for dealing with infrastructure reform, either. It would not overhaul the current federal investment, but be limited only to new projects it funded.

**We can fund the plan through a tax break—No additional spending is necessary**

# *Kristina Peterson (Wall Street Journal) “GE CEO: Repatriation Tax Holiday Could Help Fund Infrastructure Bank” July 11, 2011.* [*http://blogs.wsj.com/economics/2011/07/11/ge-ceo-repatriation-tax-holiday-could-help-fund-infrastructure-bank/*](http://blogs.wsj.com/economics/2011/07/11/ge-ceo-repatriation-tax-holiday-could-help-fund-infrastructure-bank/)

The head of General Electric Co. said Monday he could support using a tax break for bringing back U.S. companies’ overseas profits to fund infrastructure projects. Using a repatriation tax holiday — a tax break for companies bringing back overseas profits to the U.S. — to help fund an ‘infrastructure bank,’ would be a good idea, GE Chief Executive Jeffrey Immelt said at the U.S. Chamber of Commerce on Monday. Lawmakers have proposed starting a national infrastructure bank to provide low-interest loans and loan guarantees to build highways, energy projects and water infrastructure. “We favor repatriation of our foreign cash back into the U.S., where it can do some good,” Immelt said. “I believe Senator Schumer has a good idea: taxes from repatriation could go toward creating the infrastructure bank that in turn creates jobs.”

**The plan is distinct from the federal stimulus project: We create nearly a million jobs and save 3.1 trillion dollars with functioning infrastructure.**

## *John Wasik (Reuters) “Job creation: Fixing America with an infrastructure bank”. August 5, 2011.* [*http://blogs.reuters.com/reuters-money/2011/08/05/job-creation-fixing-america-with-an-infrastructure-bank/*](http://blogs.reuters.com/reuters-money/2011/08/05/job-creation-fixing-america-with-an-infrastructure-bank/)

In Kerry’s vision, federal dollars would be matched with private dollars from pension funds and endowments. Kerry told the [Time’s Joe Klein recently](http://swampland.time.com/2011/07/11/more-creamed-spinach/) that “a $10 billion federal contribution will leverage about $640 billion in private investments.” Kerry claims he has support from business, labor and Republican Senators. Instead of doling out pork-barrel funding for bridges to nowhere, an independent board would decide which projects are needed most. It’s the inverse of a military base closing commission. Instead of shutting down facilities, this entity would greenlight and finance the most-worthy projects. One thing an iBank wouldn’t be is another big-check stimulus plan, which Congress passed in 2009. That nearly $800 billion package was a huge fiscal band-aid to help states, school districts and wage earners through the recession. Yes, there were some public works projects that created short-term jobs, but the bulk of the money went to tax relief and the states. The U.S. needs a new approach to economic triage. The June jobs report was [nothing short of dismal](http://www.reuters.com/article/2011/07/08/us-usa-economy-idUSTRE7662I420110708) as employment growth hit a wall with only 18,000 new jobs coming on the market. Crumbling infrastructure will cost the U.S. economy nearly 1 million jobs and shave $3.1 trillion from gross domestic product by 2020, the[Society of Civil Engineers estimates](http://www.asce.org/PressRelease.aspx?id=12884909810).

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.

**Economy—Competitiveness Low**

**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>

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.**

**The United States is Falling Behind—Transportation Infrastructure is critical to maintain global economic competitiveness.**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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, “Long term 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.” The merits of infrastructure investments must also be considered alongside projections of population growth, trading patterns, and expected changes in American lifestyles. As the economy and population grow, infrastructure resources will be stretched thinner as existing systems age and additional needs for new systems arise. With the U.S. population expected to grow to almost 440 million people by 2050 and interstate commerce expected to grow as well, targeted infrastructure investments can be one strategic tool that policymakers use to prepare for the future.47

**American Competitiveness is on the Brink—Risks Global Economic Recession**

*Michael Porter and Jan Rivkin.(Professors at Harvard Business School) “Prosperity at Risk: Findings of Harvard Business School’s Survey on U.S. Competitiveness” January 2012. Harvard Business School* [*http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf*](http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf)

But much of the discussion misses a fundamental issue. Ample evidence now points to a series of structural changes that began well before the Great Recession and threaten to undermine the long-term competitiveness of the United States. For the first time in decades, the business environment in the United States is in danger of falling behind the rest of the world. With this, pressures on jobs, wages, and living standards will only grow. That’s bad news for everyone. A fundamentally weakened U.S. economy is not only an American problem but also a global risk. If the U.S. struggles, global growth will falter, the pace of innovation will slow, and the U.S. will find it hard to lead efforts to open the global trading and investment system.

**US Competitiveness will decrease over the next 3 years—Perception is Key**

*Michael Porter and Jan Rivkin.(Professors at Harvard Business School) “Prosperity at Risk: Findings of Harvard Business School’s Survey on U.S. Competitiveness” January 2012. Harvard Business School* [*http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf*](http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf)

To gauge the trajectory of U.S. competitiveness, we asked survey participants two questions that make up the definition of competitiveness. In three years, will firms in the U.S. be more or less able to compete in the global economy? And in three years, will firms be more or less able to pay high wages and benefits? As Figure 1 reports, the vast majority, 71%, expected U.S. competitiveness to deteriorate, with firms less able to compete, less able to pay well, or both (red boxes). Another 14% were neutral, anticipating no change on either dimension (yellow box). Only 16% of respondents were optimistic, expecting one or both dimensions of U.S. competitiveness to improve and neither to decline (green boxes). (Numbers do not total to precisely 100% because of rounding.)

Economy—Construction/Manufacturing key to Economy

**The Construction Industry is uniquely volatile—New Jobs are crucial to economic recovery**

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| |  | | --- | | *Thomas Net News. “Construction Industry Unemployment dips to 14.2% in May 2012.” June 20, 2012.* [*http://news.thomasnet.com/companystory/Construction-Industry-Unemployment-dips-to-14-2-in-May-2012-616637*](http://news.thomasnet.com/companystory/Construction-Industry-Unemployment-dips-to-14-2-in-May-2012-616637) | |

**The nation's construction industry lost 28,000 jobs** in May, yet the unemployment rate fell to 14.2 percent, **according to the June 1 employment report by the U.S. Labor Department**. That is down from 14.5 percent in April and down from 16.3 percent in May 2011**. A substantial share of job loss was in the heavy and civil engineering segment, which lost 11,200 jobs in just one month wiping out gains** made over the past year. Heavy and civil engineering is down 1,000 jobs compared to one year ago. Nonresidential specialty trade contractors lost 7,700 jobs over the month, but have gained 4,600 jobs from the same time last year, which translates into 0.2 percent annual growth. The residential construction sector took a hit as it shed 1,000 jobs in May, but gained 5,500 jobs, or 1 percent, compared to a year ago. In contrast, nonresidential building construction added 1,500 jobs last month and is up by 9,900 jobs, or 1.5 percent, from May 2011. Overall, the nation added 69,000 jobs in May, far short of the 150,000 jobs expected. Private industries added 82,000 jobs, while the public sector lost 13,000 jobs. Year-over-year, the nation has added 1,782,000 jobs or 1.4 percent to job totals. The nation's unemployment rate ticked up to 8.2 percent in May from April's 8.1 percent level. Analysis **"There was really nothing to cheer about in this repor**t," said Associated Builders and Contractors Chief Economist Anirban Basu. "While the construction industry unemployment rate did drop, it's likely an indication that many construction workers have either found jobs in other industries, or have simply vanished from the workforce. "As predicted by ABC's forward-looking construction backlog indicator, the recovery of nonresidential construction has stalled," Basu said. "**Investors have become much more cautious in the wake of slowing job growth, European sovereign debt issues and widespread recession, and increasingly volatile financial markets. "The most noteworthy aspect of today's report was the loss in heavy and civil engineering work**," said Basu. "**There are likely a number of factors responsible, including a slowdown in federal spending. "For now, the outlook for the nonresidential construction sector remains decidedly negative, with prospects for another near-term U.S. recession climbing materially in recent months**," Basu said. "**While commercial construction and other key segments have gained a degree of momentum over the past two years, existing momentum would eventually be undone by another economic downturn."**

# Manufacturing is Key to the international economy—Exports and R&D

# *Peter Morici (economist and professor of business at the University of Maryland School) “Manufacturing is key to U.S. economic recovery” United Press International. April 13, 2012.* [*http://www.upi.com/Top\_News/Analysis/Outside-View/2012/04/13/Outside-View-Manufacturing-is-key-to-US-economic-recovery/UPI-90161334313000/*](http://www.upi.com/Top_News/Analysis/Outside-View/2012/04/13/Outside-View-Manufacturing-is-key-to-US-economic-recovery/UPI-90161334313000/)

America is a leader in service exports but despite concerted efforts to increase those through trade agreements over the last three decades, the U.S. export surplus in business services is about $80 billion -- the United States isn't going to do much more than double that, even if it manages to crack the highly protected Chinese and other Asian markets through diplomacy and new trade pacts. Modern domestic economies may be dominated by services but most of those services don't move in international commerce -- consider movie theaters, dry cleaners and plumbers. Whereas the international economy, like the U.S. trade deficit, is dominated by commodities and manufacturers. Wishful thinking by academics, pundits and Wall Street financiers won't change that. Moreover, manufacturing contributes to the dynamics of growth in other ways. It pays higher wages and supports two-thirds of all research and development, which generates the intellectual property that supports America's higher standard of living. Without manufacturing, much of the innovation in services wouldn't happen. For example, were Intel and IBM not U.S. companies, it is highly doubtful that Apple, Microsoft and business solutions software companies, which do a lion share of R&D in the services sector, would be American firms today. America's principal rivals, the governments of China, Germany and Japan have long recognized these facts and managed their currencies, tax structures and business incentives to ensure competitive manufacturing sectors. In a perfect world, Americans wouldn't have to compete with rivals that interfere with the market, as those governments do, but, alas, this isn't the best of all possible worlds.

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.

Economy—Infrastructure key Competitiveness

**Smart Infrastructure Investment is crucial to the economy and maintaining competitiveness**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

Evidence also shows that well-functioning infrastructure systems generate large rates of return not only for the people who travel on the systems every day – the direct beneficiaries – but also for those in the surrounding regions and our nation more generally. Investment in infrastructure today will employ underutilized resources and raise the nation’s productivity and economic potential in the future. By contrast, poorly planned, non-strategic investment is not only a waste of resources, but can also lead to lower economic growth and production in the future. That is why any increase in investment should be coupled with broad-based reform to select infrastructure projects more wisely. The President’s proposal to increase our nation’s investment in transportation infrastructure, coupled with broad-based reform of our transportation funding system, would have a significant and positive economic impact in both the short and long term, raising our nation’s economic output, creating quality middle-class jobs, and enhancing America’s global economic competitiveness.

**Multiple Studies Prove—The Transportation is Uniquely Key to US Economic Competitiveness**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

American firms rely on infrastructure to enable efficient supply chain management and the transportation of goods to the point of sale. Investments in transportation infrastructure would allow firms in all 50 states to have the opportunity to benefit from growth in foreign markets. According to an analysis by the Brookings Institution, exports account for 8 percent of total U.S. employment48; smart investments in infrastructure have the potential to create more jobs in export-oriented U.S. companies. The President’s National Export Initiative calls for the “Departments of Commerce and Transportation [to enter] into a Memorandum of Understanding to work together and with stakeholders to develop and implement a comprehensive, competitiveness-focused national freight policy. The resulting policy will foster end-to-end U.S. freight infrastructure improvements that facilitate the movement of goods for export and domestic use.”49 Moreover, the Department of Transportation “estimates that population growth, economic development, and trade will almost double the demand for rail freight transportation by 2035.”50 Export growth has been strong during the recovery. In 2011, exports were up over 33 percent from 2009, meaning that America is ahead of schedule in meeting the President’s goal of doubling exports over 2009 levels by the end of 2014. The business and labor communities have also expressed a desire for more transportation infrastructure investment. Proposals from the American Public Transport Association (APTA), the American Association of State Highway and Transportation Officials **(**AASHTO), the U.S. Chamber of Commerce, AFL-CIO, and the President’s Council on Jobs and Competitiveness all call for greater infrastructure investment. APTA advocates for nearly $15 billion of investment for federal public transportation programs, and at least $2.5 billion to be put towards high-speed and intercity rail systems. AASHTO reported in 2009 that between $132 billion and $166 billion of investment is necessary to rebuild and repair America’s highways.51 The view that more transportation infrastructure is necessary is consistent with other research, including the recently issued bipartisan report by two former Secretaries of Transportation, Norman Mineta and Samuel Skinner. Their report estimated that an additional investment of $134 billion to $194 billion per year is needed to maintain our transportation system, and an even larger sum, from $189 billion to $262 billion, would be needed to improve it.52 The U.S. Chamber of Commerce has stated that “to have a transportation system that supports a 21st century economy, the United States needs a high level of investment targeted at improving performance across all modes and geographies. There can be no more business as usual.”

**Transportation Infrastructure is key to a 21st century economy—This is the biggest link to economic growth**

Transportation Infrastructure Report. **Building America’s Future** (Mayor Michael Bloomberg, Governor Edward Rendell, Governor Arnold Schwarzenegger) “Falling Apart and Falling Behind”. **2011** <http://www.bafuture.com/sites/default/files/Report_0.pdf>

In the 21st century, **globalization has radically changed the economy and the world’s trade patterns, while shifting and intensifying the demands we place on our transportation network. Trade between the U.S. and other countries increased by 13% a year between 2003 and 2008.2 Economic growth now depends on American businesses’ ability to participate in this growing global trade, and moving freight cheaply, easily, and reliably is now more directly related to the overall health of our economy than eve**r. As much as 60% of American-made products are now exported, and so the success of the manufacturing sector depends on our ability to export what we make here and sell it in the global marketplace. Billions of dollars’ worth of goods move around this country every day, by rail, truck, and air, to and from manufacturing plants, packaging centers, warehouses and distribution facilities, cargo airports and international shipping terminals. **The supply chain now spans the globe, and a significant contributor to the American economy is the ability to transport goods cheaply, efficient­ly, and reliably across national corridors to and from international gateways.**

**Crumbling Infrastructure destroys the chance for economic growth and competitiveness—It is comparatively the biggest problem facing the economy.**

Will **Marshall** (President of Progressive Policy Institute). “Rebuilding America is Job One”. Progressive Policy Institute. June 1, **2011**. <http://progressivepolicy.org/rebuilding-america-is-job-one>

Amid the high drama of fiscal brinkmanship in Washington, it’s easy to forget that **reducing budget deficits isn’t the biggest economic challenge we face. Even more important is kick-starting the great American job machine and reversing our country’s slide in global competition**. Critical to both goals is shoring up the decaying physical foundations of national prosperity. **Without world-class infrastructure, the United States won’t be able to attract private investment, sustain rapid technological innovation and productivity growth, or keep good jobs from going overseas.** According to a [new Gallup poll](http://www.gallup.com/poll/147542/americans-economic-concerns-reach-two-year-high.aspx), general economic concerns (35 percent) and unemployment (22 percent) top voters list of worries, with federal deficits and debt a distant third at 12 percent. **Fiscal restraint is important, but it must be balanced against the larger imperatives of jobs and global competition**. Among other things, this means leaving room for public investment to replenish the nation’s stock of physical capital. **America can’t build a more dynamic and globally competitive economy on the legacy infrastructure of the 20th Century**. Thanks to their parents’ far-sighted public investments, baby boomers grew up in a country that set the world standard for modern infrastructure. But after a generation of underinvestment, compounded by politicized spending decisions, **we now face a massive infrastructure deficit that exerts a severe drag on U.S. productivity.**

**Failing to invest in Infrastructure is comparatively worse for the economy**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

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.

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.

Consumer spending is key to short-term recovery and long-term growth

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.

**Economy—Infrastructure key to Jobs**

**The Recession has hit Construction and Manufacturing jobs particularly hard. Infrastructure investment would immediately create jobs.**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

**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.

**Failure to modernize infrastructure sends jobs and businesses overseas**

*Transportation Infrastructure Report. Building America’s Future (Mayor Michael Bloomberg, Governor Edward Rendell, Governor Arnold Schwarzenegger) “Falling Apart and Falling Behind”. 2011* [*http://www.bafuture.com/sites/default/files/Report\_0.pdf*](http://www.bafuture.com/sites/default/files/Report_0.pdf)

In a global economy, businesses need access to manufacturing plants and distribution centers, to international gateways like ports and airports, and to consumers in both metropolitan and rural regions. People need reliable and efficient ways to commute to work and go about their daily lives. We need a modern infrastructure system if we are to meet both needs. And if we don’t create a transportation system that functions reliably and cost-effectively in the 21st century, companies operating in this globalized world can simply choose to do their business elsewhere—taking U.S. jobs and revenues with them.

**Economy—Competitiveness Impacts**

**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.

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.

**Jobs and Income Inequality Don’t Matter—Competitiveness is the key to Sustainable, Productive Growth**

*Michael Porter and Jan Rivkin.(Professors at Harvard Business School) “Prosperity at Risk: Findings of Harvard Business School’s Survey on U.S. Competitiveness” January 2012. Harvard Business School* [*http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf*](http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf)

A competitive American economy would produce robust job growth, which the country desperately needs. But it is a dead end to define job growth itself as the goal for America’s economic policy. Focusing narrowly on jobs leads policymakers and business leaders to target the jobs that are mostly easily created in the short term even if those jobs are not highly productive, do not boost living standards, and cannot last in a hotly contested global economy.

A competitive United States would enable a highly productive and prosperous middle class, the only antidote to decades of rising inequality. But as with jobs, seeing inequality itself as America’s central economic problem is dangerous. It leads us simply to redistribute from rich to poor without tackling the underlying issue: we must invest to make working Americans productive enough to support good wages even as we compete against countries where wages are much lower. Business leaders and policymakers in America must find ways for Americans to work smarter and more productively than workers who are paid lower wages overseas. Competitiveness, then, must be the central goal of the U.S. economy. The HBS survey aims to understand the state and trajectory of U.S. competitiveness and its drivers.

### Economic downturn causes war

Mead 9 (Henry , Sr fellow in U.S. Foreign Policy at the Council on Foreign Relations, *The New Republic*, 2/4/09, http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2) ET

So far, such half-hearted experiments not only have failed to work; they have left the societies that have tried them in a progressively worse position, farther behind the front-runners as time goes by. Argentina has lost ground to Chile; Russian development has fallen farther behind that of the Baltic states and Central Europe. Frequently, the crisis has weakened the power of the merchants, industrialists, financiers, and professionals who want to develop a liberal capitalist society integrated into the world. Crisis can also strengthen the hand of religious extremists, populist radicals, or authoritarian traditionalists who are determined to resist liberal capitalist society for a variety of reasons. Meanwhile, the companies and banks based in these societies are often less established and more vulnerable to the consequences of a financial crisis than more established firms in wealthier societies. As a result, developing countries and countries where capitalism has relatively recent and shallow roots tend to suffer greater economic and political damage when crisis strikes--as, inevitably, it does. And, consequently, financial crises often reinforce rather than challenge the global distribution of power and wealth. This may be happening yet again. 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.

### Economic Competitiveness is key to Hegemony

Jim Owens 10. Owens is a chairman and chief executive officer of Caterpillar Inc. “Will the U.S. Stay Globally Competitive? It Depends” URL: <http://knowledge.wpcarey.asu.edu/article.cfm?articleid=189>. DA: 7/14/11.

"The trade unions have convinced everyone that trade is a bad thing," Owens said. "It isn't." Trade is good, according to Owens, not only for the average American family, but for American businesses and for American consumers as well. "If policymakers want Caterpillar to offer American consumers a lower-quality tractor at a higher price, then they should put up trade barriers," Owens said. Freer trade policies, in contrast, "ensure American businesses the opportunity to compete to sell their products around the world. They help to ensure that American manufacturers stay competitive" because they can't hide behind a veil of national protection -- they know they have to compete on the global stage with companies from Germany, Japan, China, and everywhere else. Owens made the importance of global trade to the U.S. economy clear. "Trade accounts for more than a quarter of the U.S. GDP," he said. One in five of the best-paying American jobs is attributable to free trade. At the same time, 95 percent of the world's customers are outside of the U.S. Developing countries like China and India are growing huge middle classes that represent a gold mine of new customers for competitive businesses. So U.S. policymakers need to ask, then, how the laws they pass (or don't pass) impact American businesses' ability to compete. It's a question, Owens said, that will affect not only American businesses' economic competitiveness, but the United States' leadership on the world stage, as well. "We need to be globally competitive to maintain our global economic and political leadership." Creating opportunities At the end of the day, for Owens it's all about jobs. "What I'm really focused on, quite frankly, is that the wealth of nations is a function of the opportunities we create for our children and our grandchildren. If we don't have great jobs for people here, we're no longer going to be a great country. And America can't be a world leader without a great economy." America's reign as a "great country" is all about competitiveness, Owens said. Yet despite the very clear importance of American competitiveness in the global economy and the clear effect that U.S. policies have on that competitiveness (and, by extension, on U.S. jobs), Owens said it's a subject hardly discussed in Washington, D.C.

**Emissions Advantage—Emissions destroying Ocean Biodiversity**

**Carbon Emissions are destroying Oceanic Biodiversity—Critical to Human Survival and Food Source**

Marta **Madina** (largest international organization focused solely on ocean conservation, protecting marine ecosystems and endangered species ) “Oceana warns that CO2 emissions will cause extinction of coral and crustaceans due to higher water acidity” Oceana.org. November 11, **2009**  
<http://oceana.org/en/eu/media-reports/press-centre/press-releases/oceana-warns-that-co2-emissions-will-cause-extinction-of-coral-and-crustaceans-due->

**Oceana is calling for an urgent reduction of carbon dioxide (CO2) emissions to stop acidification of oceans. Acidification jeopardizes the survival of coral reefs and numerous marine species, and with them, the sustenance for millions of people worldwide.** The international marine preservation organization is asking governments to introduce the acidification problems in the COP15 debates. The COP15 is the UN Climate change Conference that will be held in Copenhagen between December 7th and 18th. **Oceans** act like major drains for greenhouse gases. They reduce the CO2 concentration in the atmosphere and thus **play a major role in attenuating climate change associated impacts. Nevertheless, this buffering effect has serious consequences for the oceans’ ecosystems and biodiversity**. “**The oceans absorb greater quantities of CO2** than the tropical rain forests. In doing so, they slow down climate change, but they do it **at the expense of jeopardizing the survival of millions of species**”, explains Xavier Pastor, Executive Director of Oceana Europe. “Therefore, **we urgently need to reduce emissions from transportation,** industry and power generation. We at Oceana are calling for a widespread change toward the use of renewable energies. We have set our sights on marine wind generators as long as they pass the environmental impact evaluations.”

#### CO2 turns oceans to acid, killing marine ecosystems

**Stern 2007** (Nicholas, Head of the British Government Economic Service, Former Head Economist for the World Bank, I.G. Patel Chair – London School of Economics and Political Science, “The Economics of Climate Change: The Stern Review”, p. 72)

Ocean acidification, a direct result of rising carbon dioxide levels, will have major effects on marine ecosystems, with possible adverse consequences on fish stocks. For fisheries, information on the likely impacts of climate change is very limited – a major gap in knowledge considering that about one billion people worldwide (one-sixth of the world’s population) rely on fish as their primary source of animal protein. While higher ocean temperatures may increase growth rates of some fish, reduced nutrient supplies due to warming may limit growth. Ocean acidification is likely to be particularly damaging. The oceans have become more acidic in the past 200 years, because of chemical changes caused by increasing amounts of carbon dioxide dissolving in seawater.44 If global emissions continue to rise on current trends, ocean acidity is likely to increase further, with pH declining by an additional 0.15 units if carbon dioxide levels double (to 560 ppm) relative to pre-industrial and an additional 0.3 units if carbon dioxide levels treble (to 840 ppm).45 Changes on this scale have not been experienced for hundreds of thousands of years and are occurring at an extremely rapid rate. Increasing ocean acidity makes it harder for many ocean creatures to form shells and skeletons from calcium carbonate. These chemical changes have the potential to disrupt marine ecosystems irreversibly - at the very least halting the growth of corals, which provide important nursery grounds for commercial fish, and damaging molluscs and certain types of plankton at the base of the food chain. Plankton and marine snails are critical to sustaining species such as salmon, mackerel and baleen whales, and such changes are expected to have serious but as-yet-unquantified wider impacts.

**Warming causes coral reef bleaching**

**Blockstein and Wiegman 10.** David E. Blockstein is a Senior Scientist with the National Council for Science and the Environmen, PhD in Ecology from the University of Minnesota. Leo Wiegman, Mayor at Croton-on-Hudson. “The Climate Solutions Consensus: What we Know and What To Do About It” Island Press, 2010.

Marine Ecosystems and Biodiversity. Increased coral bleaching, in which coral dies and only its calcium skeleton remains, is already underway. This bleaching is caused by a convergence of disruptions from elevated temperatures in coastal water, changes in salinity, an increase in the acidity of the water, and a decline in plankton. [High confidence] Coral reefs are zones of high biodiversity and rich habitat for many fish species historically important in human diets. Reef bleaching is happening even faster and more extensively than the IPCC predicted just 2 years ago. This elevates the extinction rate for species dependant on coral.

**Emissions Advantage—Biodiversity Impact**

**Biodiversity is Key to Human Survival—This is a bigger threat than Climate Change**

Carsten **Rahbek** ([The Center for Macroecology, Evolution and Climate at University of Copenhagen](http://macroecology.ku.dk/the_center/)) “The biodiversity crisis: Worse than climate change.”. January 19, **2012**. <http://news.ku.dk/all_news/2012/2012.1/biodiversity/>

**Mass extinctions of species have occurred five times previously in the history of the world** – last time was 65 million years ago when the dinosaurs and many other species disappeared. Previous periods of mass extinction and ecosystem change were driven by global changes in climate and in atmospheric chemistry, impacts by asteroids and volcanism. Now **we are in the 6th mass extinction event, which is a result of a competition for resources between one species on the planet – humans – and all others. The process towards extinction is mainly caused by habitat degradation, whose effect on biodiversity is worsened by the ongoing human-induced climate change. "The biodiversity crisis – i.e. the rapid loss of species and the rapid degradation of ecosystems – is probably a greater threat than global climate change to the stability and prosperous future of mankind on Earth.** There is a need for scientists, politicians and government authorities to closely collaborate if we are to solve this crisis. This makes the need to establish IPBES very urgent, which may happen at a UN meeting in Panama City in April," says professor Carsten Rahbek, Director for the [Center for Macroecology, Evolution and Climate](http://macroecology.ku.dk/the_center/), University of Copenhagen.

#### Extinction --- precautionary principle is a side constraint

**Craig**, Winter **2003** (Robin – associate professor of law at the Indiana University School of Law, 34 McGeorge L. Rev. 155, p. lexis)

Biodiversity and ecosystem function arguments for conserving marine ecosystems also exist, just as they do for terrestrial ecosystems, but these arguments have thus far rarely been raised in political debates. For example, besides significant tourism values - the most economically valuable ecosystem service coral reefs provide, worldwide - coral reefs protect against storms and dampen other environmental fluctuations, services worth more than ten times the reefs’ value for food production. Waste treatment is another significant, non-extractive ecosystem function that intact coral reef ecosystems provide. More generally, “ocean ecosystems play a major role in the global geochemical cycling of all the elements that represent the basic building blocks **of living organisms**, carbon, nitrogen, oxygen, phosphorus, and sulfur, as well as other less abundant but necessary elements.” In a very real and direct sense, therefore, human degradation of marine ecosystems **impairs the planet’s ability to support life**. Maintaining biodiversity is often critical to maintaining the functions of marine ecosystems. Current evidence shows that, in general, an ecosystem’s ability to keep functioning in the face of disturbance is **strongly dependent on its biodiversity**, “indicating that more diverse ecosystems are more stable.” Coral reef ecosystems are particularly dependent on their biodiversity. Most ecologists agree that the complexity of interactions and degree of interrelatedness among component species is higher on coral reefs than in any other marine environment. This implies that the ecosystem functioning that produces the most highly valued components is also complex and that many otherwise insignificant species have strong effects on sustaining the rest of the reef system. Thus, maintaining and restoring the biodiversity of marine ecosystems is critical to maintaining and restoring the ecosystem services that they provide. Non-use biodiversity values for marine ecosystems have been calculated in the wake of marine disasters, like the Exxon Valdez oil spill in Alaska. Similar calculations could derive preservation values for marine wilderness. However, economic value, or economic value equivalents, should not be “the sole or even primary justification for conservation of ocean ecosystems. Ethical arguments also have considerable force and merit.” At the forefront of such arguments should be a recognition of **how little we know about the sea** - and about the actual effect of human activities on marine ecosystems. The United States has traditionally failed to protect marine ecosystems because it was difficult to detect anthropogenic harm to the oceans, but we now know that such harm is occurring - even though we are not completely sure about causation or **about how to fix every problem**. Ecosystems like the NWHI coral reef ecosystem should inspire lawmakers and policymakers to admit that most of the time we really do not know what we are doing to the sea and hence should be preserving marine wilderness whenever we can - especially when the United States has within its territory relatively pristine marine ecosystems that may be unique in the world. We may not know much about the sea, but we do know this much: **if we kill the ocean we kill ourselves**, and we will take most of the biosphere with us. The Black Sea is almost dead, its once-complex and productive ecosystem almost entirely replaced by a monoculture of comb jellies, “starving out fish and dolphins, emptying fishermen’s nets, and converting the web of life into brainless, wraith-like blobs of jelly.” More importantly, the Black Sea is not necessarily unique. The Black Sea is a microcosm of what is happening to the ocean systems at large. The stresses piled up: overfishing, oil spills, industrial discharges, nutrient pollution, wetlands destruction, the introduction of an alien species. The sea weakened, slowly at first, then collapsed with shocking suddenness. The lessons of this tragedy should not be lost to the rest of us, because much of what happened here is being repeated all over the world. The ecological stresses imposed on the Black Sea were not unique to communism. Nor, sadly, was the failure of governments to respond to the emerging crisis. Oxygen-starved “dead zones” appear with increasing frequency off the coasts of major cities and major rivers, forcing marine animals to flee and killing all that cannot. Ethics as well as enlightened self-interest thus suggest that the United States should protect fully-functioning marine ecosystems wherever possible - even if a few fishers go out of business as a result.

**Phytoplankton are the foundation of the food chain and produce half of the worlds oxygen—killing them risks extinction**

**UPI June 6, 2008**(http://www.upi.com/Energy\_Resources/2008/06/06/Acidic\_oceans\_may\_tangle\_food\_chain/UPI-84651212763771/print/)

Increased carbon levels in ocean water could have devastating impacts on marine life, scientists testified Thursday at a congressional hearing. Although most of the concern about carbon emissions has focused on the atmosphere and resulting temperature changes, accumulation of carbon dioxide in the ocean also could have disturbing outcomes, experts said at the hearing, which examined legislation that would create a program to study how the ocean responds to increased carbon levels. Ocean surface waters quickly absorb carbon dioxide from the atmosphere, so as carbon concentrations rise in the skies, they also skyrocket in the watery depths that cover almost 70 percent of the planet. As carbon dioxide increases in oceans, the acidity of the water also rises, and this change could affect a wide variety of organisms, said Scott Doney, senior scientist at the Woods Hole Oceanographic Institution, a non-profit research institute based in Woods Hole, Mass. "Greater acidity slows the growth or even dissolves ocean plant and animal shells built from calcium carbonate," Doney told representatives in the House Committee on Energy and the Environment. "Acidification thus threatens a wide range of marine organisms, from microscopic plankton and shellfish to massive coral reefs." If small organisms, like phytoplankton, are knocked out by acidity, the ripples would be far-reaching, said David Adamec, head of ocean sciences at the National Aeronautics and Space Administration. "If the amount of phytoplankton is reduced, you reduce the amount of photosynthesis going on in the ocean," Adamec told United Press International. "Those little guys are responsible for half of the oxygen you're breathing right now." A hit to microscopic organisms can also bring down a whole food chain. For instance, several years ago, an El Nino event wiped out the phytoplankton near the Galapagos Islands. That year, juvenile bird and seal populations almost disappeared. If ocean acidity stunted phytoplankton populations like the El Nino did that year, a similar result would occur -- but it would last for much longer than one year, potentially leading to extinction for some species, Adamec said.

**The acidification of Coral Reefs risks extinction**

**Inter Press Service 2006**(http://www.climateark.org/shared/reader/welcome.aspx?linkid=55070&keybold=coral%20reef%20dying%20Pacific)

Vast swaths of coral reefs in the Caribbean sea and South Pacific Ocean are dying, while the recently-discovered cold-water corals in northern waters will not survive the century -- all due to climate change.  The loss of reefs will have a catastrophic impact on all marine life.  One-third of the coral at official monitoring sites in the area of Puerto Rico and the U.S. Virgin Islands have recently perished in what scientists call an "unprecedented" die-off.  Extremely high sea temperatures in the summer and fall of 2005 that spawned a record hurricane season have also caused extensive coral bleaching extending from the Florida Keys to Tobago and Barbados in the south and Panama and Costa Rica, according to the U.S. National Oceanic and Atmospheric Administration's Coral Reef Watch.  High sea temperatures are also killing parts of Australia's 2,000-kilometre-long Great Barrier Reef, the world's largest living reef formation. As summer ends in the Southern Hemisphere, researchers are now investigating the extent of the coral bleaching. Up to 98 percent of the coral in one area has been affected, reported the Australian Institute of Marine Science last week.  "The Great Barrier Reef has been living on this planet for 18 million years and we've undermined its existence within our lifetimes," says Brian Huse, executive director of the Coral Reef Alliance, a U.S.-based NGO dedicated to protecting the health of coral reefs.  "Twenty percent of Earth's reefs have been lost and 50 percent face moderate to severe threats," Huse told IPS.  The economic value of reefs globally is estimated at 375 billion dollars, he says.  Coral reefs are uncommon, found in less than one percent of the world's oceans. However, they are considered the tropical rainforests of the oceans because they provide home and habitat to 25 to 33 percent of all marine life. **The World Conservation Union (IUCN) considers coral reefs one of the life-support systems essential for human survival.** Reefs are made up of tiny animals called polyps, which create cup-like limestone skeletons around themselves using calcium from seawater. Reefs form as generation after generation of coral polyps live, build and die, creating habitat for themselves and many other plants and animals.  Coral gets its beautiful colors from algae that cover the polyps. The algae produce oxygen and sugars for the coral polyps to eat while the polyps produce carbon dioxide and nitrogen, which enhances algae growth. If coral polyps are stressed by too-warm sea temperatures or pollution, they lose their algae coating and turn white.  Bleached corals can recover if the stress is temporary -- lasting weeks instead of months. In 2002, extensive bleaching of the Great Barrier Reef led to a five percent permanent mortality rate. Reefs in the Indian Ocean and other parts of the Pacific have been hit even harder by warm ocean temperatures over the past few years.  Reefs face a number of other threats from trawling, blast fishing (the use of dynamite to catch fish), pollution, unsustainable tourism and disease, says Huse.

**Emissions Advantage—Infrastructure key to lower Emissions**

**Efficient Transportation Infrastructure generates economic benefits in efficiency, as well as reducing US carbon footprint.**

*Department of Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”. March 23, 2012.* [*http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf*](http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

Finally, a well-maintained and robust network of transportation infrastructure, which allows individuals to access multiple modes of transportation, results in significant efficiency benefits for Americans. One study found that in 2009, households at the national median level of income residing in “location efficient” neighborhoods with diverse transportation choices realized over $600 in transportation cost savings, compared to similar households living in less efficient areas.21 Further, well-maintained roads with adequate capacity, coupled with access to public transit and other driving alternatives, can lower traffic congestion and accident rates which not only saves Americans time and money but also saves lives. Congestion is not limited only to our nation’s roads but also to our rails. Freight rail systems can play a vital role in relieving road traffic and in moving goods in a more fuel efficient manner. One study estimated that on average, freight railroads are four times more fuel efficient than trucks.22 These benefits can also reduce dependence on foreign oil, improve energy efficiency, and reduce air pollution. For example, one study in the Los Angeles area found that traffic congestion has a significant effect on CO2 emissions, and that reducing stop-and-go traffic conditions could potentially reduce emissions by up to 12 percent.23 Another study estimates that America’s public transportation system reduces gasoline consumption by 4.2 billion gallons annually. 24

**The Transportation Sector is Key to Reducing the US Carbon Footprint**

Sara **Hajiamiri** (Ph.D Dissertation) “Three Essays in Transportation Energy and Environmental Policy”. Rand.org **2010**. <http://www.rand.org/content/dam/rand/pubs/rgs_dissertations/2010/RAND_RGSD261.pdf>

Concerns about climate change, dependence on oil, and unstable gasoline prices have led to significant efforts by policymakers to cut greenhouse gas (GHG) emissions and oil consumption. **The transportation sector is one of the principle emitters of CO2 in the US. It accounts for two-thirds of total U.S. oil consumption and is almost entirely dependent on oil.** Within the transportation sector, the light-duty vehicle (LDV) fleet is the main culprit. It is responsible for more than 65 percent of the oil used and for more than 60 percent of total GHG emissions. **If a significant fraction of the LDV fleet is gradually replaced by more fuel-efficient technologies, meaningful reductions in GHG emissions and oil consumption will be achieved.**

#### Transportation emissions are the primary contributor to global warming

**U**nion of **C**oncerned **S**cientists, 5/3/**2012** (Car Emissions and Global Warming, p. http://www.ucsusa.org/clean\_vehicles/why-clean-cars/global-warming/)

We are driving up the planet’s temperature. Transportation is one of the primary contributors to global warming, generating more than one-third of all U.S. carbon dioxide emissions and 30 percent of America’s total global warming emissions. If we are going to effectively address global warming, we must reduce the emissions our vehicles produce. The Earth is warming and human activity is the primary cause. Climate disruptions caused by global warming put our food and water supply at risk, endanger our health, jeopardize our national security, and threaten other basic human needs. Some impacts—such as record high temperatures, melting glaciers, and severe flooding and droughts—are already increasingly common. More than 60 percent of U.S. transportation emissions come from cars and light trucks. Passenger cars and light trucks **represent the lion’s share of U.S. transportation emissions** and collectively produce more than one-fifth of the nation’s total global warming pollution. The remaining transportation emissions come from medium and heavy-duty vehicles (primarily freight trucks and buses), plus aircraft, shipping, rail, military, and other uses.

#### Transportation alternatives are key to successfully combat climate change and oil dependence

PRUM & CATZ 11 \*Assistant Professor, The Florida State University \*\* Director, Center for Urban Infrastructure; Research Associate, Institute of Transportation Studies, University of California, Irvine

[Darren A. Prum\* and Sarah L. Catz\*\*, ARTICLE: GREENHOUSE GAS EMISSION TARGETS AND MASS TRANSIT: CAN THE GOVERNMENT SUCCESSFULLY ACCOMPLISH BOTH WITHOUT A CONFLICT?, Santa Clara Law Review, 2011, 51 Santa Clara L. Rev. 935]

In a swift change in public policy and to comply with a United States Supreme Court mandate, n2 the Obama Administration altered the course of the federal government by addressing climate change and greenhouse gas emissions quickly after taking office. In looking to the transportation sector to return meaningful and rapid results, one of the components that could create a dual impact arises out of dependable, affordable, and convenient public transit alternatives. By encouraging the public to reduce their driving habits and to switch modes for their various [\*936] transportation needs, the government could accomplish many different goals, such as reducing greenhouse gases, reducing congestion, and improving our national security by depending less on foreign oil. Transportation agencies across the country, however, are sharply cutting services in the face of harsh fiscal constraints from all levels. n3 These measures are the latest sign of the fiscal woes in many state and local agencies across the country that threaten to derail the Obama Administration's policy change. n4

**Emissions Advantage—Warming Impacts**

#### Warming causes multiple environmental problems – results in human extinction

TICKELL 08 Climate Researcher

[Oliver Tickell, The Gaurdian, “On a planet 4C hotter, all we can prepare for is extinction”, <http://www.guardian.co.uk/commentisfree/2008/aug/11/climatechange>]

We need to get prepared for four degrees of global warming, Bob Watson told the Guardian last week. At first sight this looks like wise counsel from the climate science adviser to Defra. But the idea that we could adapt to a 4C rise is absurd and dangerous. Global warming on this scale would be a catastrophe that would mean, in the immortal words that Chief Seattle probably never spoke, "the end of living and the beginning of survival" for humankind. Or perhaps the beginning of our extinction. The collapse of the polar ice caps would become inevitable, bringing long-term sea level rises of 70-80 metres. All the world's coastal plains would be lost, complete with ports, cities, transport and industrial infrastructure, and much of the world's most productive farmland. The world's geography would be transformed much as it was at the end of the last ice age, when sea levels rose by about 120 metres to create the Channel, the North Sea and Cardigan Bay out of dry land. Weather would become extreme and unpredictable, with more frequent and severe droughts, floods and hurricanes. The Earth's carrying capacity would be hugely reduced. Billions would undoubtedly die. Watson's call was supported by the government's former chief scientific adviser, Sir David King, who warned that "if we get to a four-degree rise it is quite possible that we would begin to see a runaway increase". This is a remarkable understatement. The climate system is already experiencing significant feedbacks, notably the summer melting of the Arctic sea ice. The more the ice melts, the more sunshine is absorbed by the sea, and the more the Arctic warms. And as the Arctic warms, the release of billions of tonnes of methane – a greenhouse gas 70 times stronger than carbon dioxide over 20 years – captured under melting permafrost is already under way. To see how far this process could go, look 55.5m years to the Palaeocene-Eocene Thermal Maximum, when a global temperature increase of 6C coincided with the release of about 5,000 gigatonnes of carbon into the atmosphere, both as CO2 and as methane from bogs and seabed sediments. Lush subtropical forests grew in polar regions, and sea levels rose to 100m higher than today. It appears that an initial warming pulse triggered other warming processes. Many scientists warn that this historical event may be analogous to the present: the warming caused by human emissions could propel us towards a similar hothouse Earth.

#### Climate change risks extinction – fossil fuel consumption is the cause

HILLMAN 07 Senior Fellow Emeritus at Policy Studies Institute

Mayer Hillman, Limiting climate change: the changing role of public transport, Thursday, June 14, 2007, ATCO Summer Conference, Llandudno, Wales, 14 -15 June 2007. <http://www.mayerhillman.com/Articles/EntryId/35/Limiting-climate-change-the-changing-role-of-public-transport.aspx>

A realistic future for any aspect of policy cannot be determined without reference to key factors that could substantially limit or enlarge its scope. The future role of transport is an obvious case in point. Consider the implications of the key factor that is now being widely recognised as the most pressing issue of our time, that is the one stemming from the near-consensus in the scientific community that global warming is occurring. Greenhouse gas emissions from human activity are relentlessly accelerating global climate change. Mountain glaciers are retreating, sea levels rising, and weather patterns, especially temperatures, altering alarmingly. A very real threat to life on earth is in prospect as the planet has only a finite capacity to absorb greenhouse gas emissions without serious, probably irreversible damage.

#### **Warming is real and threatens extinction**

DEIBEL ‘7 (Terry L. Deibel, professor of IR at National War College, Foreign Affairs Strategy, “Conclusion: American Foreign Affairs Strategy Today Anthropogenic – caused by CO2”)

Finally, there is one major existential threat to American security (as well as prosperity) of a nonviolent nature, which, though far in the future, demands urgent action. It is the threat of global warming to the stability of the climate upon which all earthly life depends. Scientists worldwide have been observing the gathering of this threat for three decades now, **and what was once a mere possibility has passed** through probability **to near certainty.** Indeed **not one of more than 900 articles** **on climate change published in refereed scientific journals** from 1993 to 2003 doubted that anthropogenic warming is occurring. “In legitimate scientific circles,” writes Elizabeth Kolbert, “it is virtually **impossible to find evidence of disagreement** over the fundamentals of global warming.” Evidence from a vast international scientific monitoring effort accumulates almost weekly, as this sample of newspaper reports shows: an international panel predicts “brutal droughts, floods and violent storms across the planet over the next century”; climate change could “literally alter ocean currents, wipe away huge portions of Alpine Snowcaps and aid the spread of cholera and malaria”; “glaciers in the Antarctic and in Greenland are melting much faster than expected, and…worldwide, plants are blooming several days earlier than a decade ago”; “rising sea temperatures have been accompanied by a significant global increase in the most destructive hurricanes”; “NASA scientists have concluded from direct temperature measurements that 2005 was the hottest year on record, with 1998 a close second”; “Earth’s warming climate is estimated to contribute to more than 150,000 deaths and 5 million illnesses each year” as disease spreads; “widespread bleaching from Texas to Trinidad…killed broad swaths of corals” due to a 2-degree rise in sea temperatures. “The world is slowly disintegrating,” concluded Inuit hunter Noah Metuq, who lives 30 miles from the Arctic Circle. “They call it climate change…but we just call it breaking up.” From the founding of the first cities some 6,000 years ago until the beginning of the industrial revolution, carbon dioxide levels in the atmosphere remained relatively constant at about 280 parts per million (ppm). At present they are accelerating toward 400 ppm, and by 2050 they will reach 500 ppm, about double pre-industrial levels. Unfortunately, atmospheric CO2 lasts about a century, so there is no way immediately to reduce levels, only to slow their increase, we are thus in for significant global warming; the only debate is how much and how serous the effects will be. As the newspaper stories quoted above show, we are already experiencing the effects of 1-2 degree warming in more violent storms, spread of disease, mass die offs of plants and animals, species extinction, and threatened inundation of low-lying countries like the Pacific nation of Kiribati and the Netherlands at a warming of 5 degrees or less the Greenland and West Antarctic ice sheets could disintegrate, leading to a sea level of rise of 20 feet that would cover North Carolina’s outer banks, swamp the southern third of Florida, and inundate Manhattan up to the middle of Greenwich Village. Another catastrophic effect would be the collapse of the Atlantic thermohaline circulation that keeps the winter weather in Europe far warmer than its latitude would otherwise allow. Economist William Cline once estimated the damage to the United States alone from moderate levels of warming at 1-6 percent of GDP annually; severe warming could cost 13-26 percent of GDP. But the most frightening scenario is runaway greenhouse warming, based on positive feedback from the buildup of water vapor in the atmosphere that is both caused by and causes hotter surface temperatures. Past ice age transitions, associated with only 5-10 degree changes in average global temperatures, took place in just decades, even though no one was then pouring ever-increasing amounts of carbon into the atmosphere. Faced with this specter, the best one can conclude is that “humankind’s continuing enhancement of the natural greenhouse effect is akin to playing Russian roulette with the earth’s climate and humanity’s life support system. At worst, says physics professor Marty Hoffert of New York University, “we’re just going to burn everything up; we’re going to het the atmosphere to the temperature it was in the Cretaceous when there were crocodiles at the poles, and then everything will collapse.” During the Cold War, astronomer Carl Sagan popularized a theory of nuclear winter to describe how a thermonuclear war between the Untied States and the Soviet Union would not only destroy both countries but possible end life on this planet. **Global warming is the post-Cold War era’s equivalent of nuclear winter at least as serious and considerably better supported scientifically**. Over the long run it puts dangers form terrorism and traditional military challenges to **shame**. It is a threat not only to the security and prosperity to the United States, but potentially to the continued existence of life on this planet.

**A2—Politics (Plan Helps Obama)**

**Republicans Block I-Bank because it would be a win for Obama**

**Cooper 12**  
Donna Cooper (Senior Fellow at American Progress). “Will Congress Block Infrastructure Spending?”. Center for American Progress. January 25, 2012. <http://www.americanprogress.org/issues/2012/01/infrastructure_sotu.html>

The House is not the only problem. **Sen. Reid late in 2011 put the president’s American Jobs Act, which included** $60 billion to repair our schools and **fund a National Infrastructure Bank, to a vote, but Senate filibuster rules** that require 60 favorable votes to put a bill on the floor for consideration **made moving this infrastructure funding bill impossible**. After failing to reach that 60-vote threshold, [Sen. Reid said](http://www.nytimes.com/2011/10/12/us/politics/obamas-jobs-bill-senate-vote.html?pagewanted=all), “**Republicans think that if the economy improves, it might help President Obama. So they root for the economy to fail and oppose every effort to improve it.”** Indeed, Sen. McConnell [blocked](http://www.washingtonpost.com/politics/obamas-jobs-bill-stalled-in-senate/2011/10/11/gIQAIoJmdL_story.html) passage of the Senate version of the Jobs Act while [lambasting the president](http://archive.lisagraas.com/2011/11/03/mcconnell-on-infrastructure-two-different-approaches-one-clear-choice/) for pointing it out and blasting the Senate Democrats for not working with the House Republicans to reach a compromise. But that statement begs the question of why McConnell isn’t working with his own party’s leadership in the House to make sure the Senate receives a bill that has a chance of a positive vote. The answer is clear: **The Republican leadership is very concerned that responding to the American popular call for infrastructure investment will benefit President Obama politically—**never mind the pain suffered by the American people and our future economic competitiveness by their failure to act. The president should not be deterred, however, by the roadblocks he faces in Congress. In his speech in Kansas this past December, he summoned the nation to redouble its commitment to an economy that lifts all boats. Echoing President Theodore Roosevelt’s progressive sentiments, [he said](http://www.cbsnews.com/8301-250_162-57338052/text-obama-address-on-the-economy-in-kansas/,): We simply cannot return to this brand of "you're on your own" economics if we're serious about rebuilding the middle class in this country. We know that it doesn't result in a strong economy. It results in an economy that invests too little in its people and in its future. We know it doesn't result in a prosperity that trickles down. It results in a prosperity that's enjoyed by fewer and fewer of our citizens.

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.

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.

**A2—Politics (Plan hurts Obama)**

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."

Plan costs political capital—Republicans oppose

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.