### 1ac plan

#### The United States federal government should substantially increase transportation infrastructure loans in the United States commensurate with establishment of an independent government-owned National Infrastructure Bank.

### 1ac advantage 1

#### Advantage One is Growth:

#### Slow growth will persist – it’s the cause – not the consequence – of the economic crisis – reforming policy process is key

Coyne 9-13 (Andrew Coyne, Canadian political columnist, former editor of Maclean’s, former editor of Globe and Mail, winner of 2 National Newspaper Awards, M.A. Economics, London School of Economics, B.A. Economics and History, University of Trinity College, University of Toronto, “What if slow growth wasn’t a result, but the cause of the crisis?” The Vancouver Sun, 9-13-2012, <http://www.vancouversun.com/business/What+slow+growth+wasn+result+cause+crisis/7236500/story.html>)

It has become a cliché: the new normal. Indeed, so accustomed have Americans become to slow economic growth and stubbornly high unemployment, more than three years into the “recovery,” that it may not even seriously threaten Barack Obama’s re-election prospects. No one thinks the economy would be doing much better with someone else in the White House.¶ They are probably right. It is telling that neither Obama nor his Republican opponent has offered much of a plan to spur the economy, at least in the short term. So far as any-one has any short-term impact on the economy, it is the Federal Reserve, and even it is limited in what it can do. As it has been said, the Fed can print money, but it can’t print jobs.¶ It is common to fix the blame for this on the banking crisis. Economies typically take a long time to re-cover from “balance-sheet” re-cessions, as businesses and households focus on paying down debt and rebuilding savings. But what if the problem of slow growth has deeper roots than that? What if slow growth caused the crisis?¶ That’s the provocative thesis of the American economist Tyler Cowen, who spoke in Toronto Tuesday night. In his most recent book, The Great Stagnation, Cowen argues that slow growth is more the old normal than the new: Median incomes in the United States have been moving sideways for the better part of four decades, as have most measures of productivity.¶ While others have made much the same point, Cowen locates that decades-long slump in a still larger historical frame. Indeed, it may not be the era of stagnation that is the anomaly, but the long period of rapid growth that preceded it.¶ For the first three centuries or so of European settlement, he argues, America enjoyed the benefits of a number of “low-hanging fruit.” It had an abundance of arable land, for starters, which settlers could claim for free – and not only land, but resources. As the Industrial Revolution took hold, it had access to a similar abundance of labour, as millions left the farms for the cities; as, later, it could call upon seemingly endless re-serves of skilled labour, as more and more of these new workers went on to get an education.¶ And, perhaps most critic-ally, it profited from a truly astonishing series of inventions, from electricity to the light bulb to the automobile to the telephone. Much the same story could be told of other industrial countries, of course. But nowhere did land, labour and technological progress combine to produce such enormous wealth as in America.¶ But, one by one, the low-hanging fruit were eaten up. The land was soon allocated, tilled and mined. The movement of population into the cities and schools was completed: from 6 per cent in 1900, the high school graduation rate peaked at 80 per cent in the late 1960s. And, somewhere around 1970, technological progress seemed to hit a plateau. In-deed, by some measures the pace of innovation stalled some decades before that.¶ This seems hard to believe, in this age of technologic-al marvels. But set beside Cowen’s list of revolutionary advances from the early 20th century, from the air-plane to the assembly line to indoor plumbing, the point is at least arguable. What’s inarguable is the abrupt decline in productivity growth since the early 1970s, not only in the U.S. but over much of the industrial world – including, needless to say, Canada.¶ The problem, Cowen argues, is that Americans carried on (as to some extent we all did) as if nothing had changed – as if they would continue to grow steadily richer, just as they had before. When actual earnings failed to keep track with projected, they borrowed the difference. The financial crisis was the end result.¶ Is that, then, the future to which we are condemned, at least until some new burst of innovation lifts us off our technological plateau? Or are there still some low-hanging fruit within reach?¶ I’d argue there are. Globalization is one. The migration into the cities and schools that Cowen describes is going on today across the Third World. Trade allows us to benefit from that enormous increase in productive re-sources, as much as they.¶ The Internet is a second. Two decades on, it is still very much in its infancy: We have not begun to realize its potential. The Gutenberg revolution made books widely available: Why, even an ordinary person could own one – several, if he could afford them. Today, a smart phone makes all of human know-ledge available, to everyone, everywhere, all the time, instantaneously.¶ If we have not yet figured out how to take full advantage of that, we will surely do so in time.¶ And last, there is policy. Of all the things that determine how different nations will perform at different times, the most important by far, more even than land, labour or technology, is the organization of economic life. Russia has tons of land, lots of labour, brilliant scientists. What it hasn’t had, historically, is good policy.¶ I’m not suggesting we should look to some dazzling policy breakthrough to save us. Quite the contrary: we need only to abandon some of our worst policy mistakes. Imagine if investment decisions were based on the real economic costs and benefits of each, undistorted by the present welter of tax preferences or business subsidies. Suppose we permitted com-petition to flourish within our moribund public education and health monopolies.¶ Imagine if, rather than al-low traffic to choke our cities, we put a price on road use. And so on.¶ It’s not quite the light bulb. But it’s a start.

#### Alternative mechanisms fail

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Infrastructure forms the foundation of the U.S. economy. Without highways, power grids, railroads, dams, levees, and water systems, businesses could not transport their goods, homes would be without electricity or drinkable water, parents could not get their kids to school, and the United States would cease to be a world leader in productivity and innovation. But despite our infrastructure’s clear indispensability, decades of negligence and underinvestment have allowed much of it to fall into a shameful state of disrepair.¶ Inefficiencies in our infrastructure affect all aspects of American life. Commuters on our highways now lose more than $100 billion every year in time spent and fuel burned due to ever-increasing congestion on their way to and from work.1 U.S. ports are struggling to handle increased ship sizes and cargo volumes. Lock systems on inland waterways are crumbling, causing tens of thousands of hours of delays every year. And leaking pipes lose an estimated 7 billion gallons of clean drinking water every day.2 Together, these failures jeopardize public health, contribute to environmental degradation, and make American businesses less competitive, forcing them to pass additional costs on to consumers.¶ At the same time, our closest competitors have dramatically stepped up their investment in infrastructure and adopted ambitious plans for additional development. The United States fell to 24th place in overall infrastructure, down from ninth in 2008, according to a 2011 annual survey conducted by the World Economic Forum.3 What’s worse, under current levels of investment, this ranking will likely only continue to fall. A recent Center for American Progress report on America’s infrastructure funding gap estimated that the federal government is underinvesting in infrastructure by approximately $48 billion per year, assuming a goal of adequately maintaining existing infrastructure and preparing for projected economic and population growth.4¶ But our situation is not hopeless. By coupling increased investment with a number of commonsense reforms, the United States could make great progress toward¶ bringing its infrastructure up to modern standards. The establishment of both a national infrastructure bank and a national infrastructure planning council represents an innovative and promising way in which we could finance and plan infrastructure projects. That is the subject of this report.¶ By establishing a centralized federal lending authority in the form of an infrastructure bank, the United States could:¶ •¶ Increase public investment in infrastructure¶ •¶ Leverage billions in additional private investment¶ •¶ Streamline existing federal lending initiatives¶ •¶ Increase the share of federal money that flows to projects meeting rigorous cost-benefit criteria¶ With a relatively modest investment, the federal government could enable the completion of numerous large-scale projects of critical economic importance throughout our country, potentially producing thousands of jobs in the process.¶ Forming a national infrastructure planning council would also help better coordinate federal investments in infrastructure. This would go a long way toward resolving the siloed decision-making process that currently prevents crucial project integration and encourages inefficient spending across government agencies, as each agency attempts to independently address single components of a complex, interdependent infrastructure system. Better coordination would allow the United States to finally develop a comprehensive national infrastructure plan on par with those implemented by both industrialized and developing nations, while also encouraging the adoption of the best investment and planning practices at all levels.¶ Congress and the Obama administration should be praised for taking a significant step toward better investment coordination and improved due diligence by expanding the Department of Transportation’s Transportation Infrastructure Finance and Innovation program, included in the recently passed Moving Ahead for Progress in the 21st Century Act. Increasing this program’s funding from $122 million in fiscal year 2012 (which began in October 2011) to a combined $1.7 billion for FY 2013 through FY 2014 will help it achieve a considerably greater impact. The program provides low-interest loans, loan guarantees, and lines of credit to public and private investors undertaking large-scale surface transportation projects. Although the program’s limited surface-transportation-only focus and known funding horizon of only two years means it alone cannot shoulder the¶ burden of America’s infrastructure needs, the designers of any future infrastructure bank should look to this program as an example of how to successfully operate a federal infrastructure lending initiative.¶ This report will detail the need for both a national infrastructure bank and a planning council, explain how they each would work, and examine how they would address the specific failings of our current system of infrastructure investment. We will consider existing policy proposals for creating an infrastructure bank and will note which facets of these plans still require significant attention from policymakers. Finally, we will put forward a number of suggestions for immediate action to lay the groundwork for a national infrastructure bank and an infrastructure planning council.¶ The United States simply cannot wait any longer to address our crumbling infrastructure. If we take action now to better plan, finance, and coordinate critical investments in our national infrastructure, we can ensure continued prosperity for future generations, while immediately helping the American economy get back on its feet.¶ The need for an infrastructure bank and planning council¶ The overwhelming scale of the challenges facing U.S. infrastructure cannot be adequately addressed by individual state and local efforts or piecemeal federal support. Our myriad overlapping and competing funding streams, programs, and initiatives have repeatedly proven to be inadequate, and the need for central entities to plan, coordinate, and finance projects of national importance could not be more apparent.¶ In this section, we examine the four greatest failings of our current infrastructure investment system and illustrate their detrimental effect on the U.S. economy:¶ •¶ Failure to provide sufficient public funds¶ •¶ Failure to attract private investment¶ •¶ Failure to coordinate investments¶ •¶ Failure to allocate funds efficiently¶ Let’s examine each of these failures in turn.¶ Failure to provide sufficient public funds¶ Despite a large number of independent funding streams and initiatives for infrastructure development already in the federal government, the United States is failing—by a large margin—to adequately invest in its infrastructure. These existing funding streams include multiple federal loan programs, a far greater number of grant opportunities, and many additional layers of programs at the state and local level. A recent Center for American Progress report estimated that bringing America’s infrastructure into a state of good repair and adequately preparing it for projected growth would require the federal government to invest at least an additional $48 billion per year on top of current infrastructure spending levels, which in FY 2010 totaled roughly $92 billion in grants, credit subsidies, and tax expenditures.5¶ Even then, this spending could only be considered sufficient if it triggered $11 billion annually in additional state spending and was accompanied by a $10 billion increase in annual federal loan authority. The United States is simply not investing enough to repair and maintain our most critical infrastructure, let alone expand and upgrade it to enable future economic growth.¶ This lack of sufficient funding and political will means we are not only underfunding local water-treatment systems and roadway investments but also perpetually neglecting large-scale regional projects. Such cross-state “megaprojects” have the potential to produce massive economic returns but frequently go unfunded or unconsidered because they are simply too large for states, localities, or limited federal programs to finance. While the Transportation Infrastructure Finance and Innovation program and similar initiatives may seek to support large-scale undertakings, it simply does not have the funds to provide the level of capital required for such megaprojects and is generally limited to funding projects that fall into a specific sector—such as surface transportation—instead of integrated, cross-sector proposals.¶ This problem is evident, for example, in ongoing efforts to replace the functionally obsolete Brent Spence Bridge that connects Cincinnati, Ohio, with Covington, Kentucky, carrying traffic from two large interstate highways across the Ohio River. Despite its critical importance to regional commerce and the economic vitality of both cities, project planners have not been able to find a funding source for the $2.4 billion needed to begin work.6 Even with combinations of grants, municipal bonds, and private investment, such projects often require an additional source of funding to make it out of the concept stage.7 Currently this source of funding does not exist, which means the very projects that hold the greatest potential to spur lasting economic growth are the most frequently abandoned.¶ These problems are further compounded by a congressional appropriations process that allocates some infrastructure funds on a year-to-year basis and legislators who are sometimes reluctant to commit resources over the longer time frames required to complete most infrastructure projects. The recently passed Moving Ahead for Progress in the 21st Century Act surface-transportation bill provides program allocations for only two years—well short of the five-year timeframe of most of its predecessors. This leaves states, localities, and private investors struggling to make long-term plans under the uncertainty of future federal support.¶ Additionally, this annual appropriations process can encourage state and local policymakers to delay necessary projects in the hope of securing federal funding¶ in the next election cycle, both delaying benefits and potentially increasing costs, as required repairs become more significant.8¶ Failure to attract private investment¶ Private investors can be valuable and innovative partners in maintaining and modernizing critical infrastructure. Our current system of financing, however, has often failed in its attempts to forge viable partnerships with private investors.¶ While the traditional American method of attracting private capital by offering tax-exempt municipal bonds has been successful in many instances and will remain a valuable tool for infrastructure investment, it often leaves many large potential investors sitting on the sidelines. The reason: These groups are either already exempt from taxes, as in the case of pension funds, or have no state tax liability to begin with, as is the case with international investors. These characteristics have historically made tax-exempt bonds far less attractive to these groups, resulting in extremely limited purchases.¶ In the wake of the Great Recession of 2007–2009, however, many of these institutional investors now say they are eager to diversify their portfolios by investing in infrastructure. The California Public Employees’ Retirement System, for example, has already allotted $4 billion to be invested in U.S. infrastructure projects over the next three years.9¶ The success of so-called Build America Bonds has demonstrated that alternatives to traditional municipal bonds can have success in attracting pension funds and international investors. The program, initiated in 2009, issued an estimated $117 billion in taxable state and local bonds for which the federal government directly subsidized a portion of the interest costs.10 This made the bonds significantly more attractive to private investors, eliminating inefficiencies in the system of federal bond subsidization that cost the federal government billions of dollars every year.11 Unfortunately, the program was allowed to expire in 2010 and has not yet been renewed.¶ Public-private partnerships offer shareholders a direct stake in projects, and the potential for greater returns are also extremely attractive to these types of private investors. Unfortunately, states and the federal government have not yet fully taken advantage of these new types of investment vehicles. While 25 states have passed legislation expressly aimed at encouraging public-private partnerships, relatively few projects have actually been launched.12¶ This is largely because our infrastructure financing system lacks the experience and tools to quickly identify viable investment opportunities and match private investors with public partners. Without improved coordination, transparency, and financial assistance, billions of dollars more in potential investment may go unrealized despite the existence of numerous willing investors. In contrast, Europe has a fully functioning infrastructure finance program up and running. (see box)¶ Lessons from the European Investment Bank¶ While the United States struggles to develop a national infrastructure investment plan, the European Union has been operating a transnational, publically chartered infrastructure bank for longer than half a century. Founded in 1957, the European Investment Bank funds critical projects throughout Europe and in developing nations worldwide to the tune of tens of billions of dollars every year.¶ The bank is capitalized by funds from its 27 member states but also raises a large portion of its capital from issuing bonds. These funds are used to offer low-interest, long-term loans to both public and private entities, as well as loan guarantees and technical assistance. The bank is able to offer such attractive rates because it is large, nonprofit, has a AAA credit rating, and is fully backed by member governments.13¶ In 2010 the bank loaned out more than $100 billion, the vast majority of which (87.5 percent) went to projects in EU countries.14 This included $5 billion in high-speed rail projects; $3 billion in road and bridge improvements; $12 billion in sustainable urban transit; and $134 million in inland waterway improvements.15 Overall, the bank financed 460 “large projects” in 72 countries in 2010 alone, and this was all on top of the investments made independently by individual member states.16¶ The European Investment Bank should serve as both a useful example for policymakers and as a harsh reminder of how the United States is continuing to fall further behind our international competition. Any U.S. infrastructure bank must learn from the successes and failures of its international predecessors and must do so quickly if we are to keep pace in the decades ahead.¶ \* This report uses 2010 data to allow for easy comparison between European Investment Bank investment levels and federal U.S. loan authorities for infrastructure. (see Figure 1)¶ Failure to coordinate investments¶ The uncoordinated and siloed fashion in which federal dollars are allocated also hampers efforts to modernize U.S. infrastructure. Despite the interdependence of America’s electricity, water, transport, and telecommunications networks, the vast majority of federal funds are dispersed by sector-specific programs that do not take into consideration the impact of their initiatives on other infrastructure systems.¶ The Department of Transportation, for example, does not fully consider how increased investment in passenger or freight railways might alleviate the need for additional road and highway expenditures, and does not coordinate the landside port improvements it funds with Army Corps of Engineers waterside investments at the very same ports. Indeed, according to a recent Center for American Progress analysis, integrated transportation spending accounts for only about 2 percent of the Department of Transportation’s investments—a distressing figure for those concerned with maximizing efficiency and minimizing costs.17¶ Exacerbating this problem is the inherently reactive nature of the many federal agencies responsible for various aspects of our nation’s infrastructure. Nearly all of the projects that agencies consider are brought to them by localities, states, or Congress. They are almost never asked to propose projects based on their own analysis of national needs or to take on the role of integrating multiple small-scale proposals. Instead, they are only given the responsibility of evaluating individual pitches from policymakers primarily concerned with their own limited constituencies. Consequently, the United States has no national goods movement, water, or energy plans to match those of other rapidly developing nations, and our economic competitiveness and prospects for growth are suffering as a result.¶ Failure to allocate funds efficiently¶ Despite inadequate funding levels and limited program coordination, the United States still allocates tens of billions of dollars annually to a multitude of projects across the nation. Such investment could go further toward upgrading America’s infrastructure if it were spent more efficiently.¶ The vast majority of funds for infrastructure projects in the United States are not disbursed on the basis of a rigorous comparison of projects’ economic costs and benefits. Instead, they are allocated by formula or annual congressional appropriations that place more emphasis on geographic political considerations than on return on investment. For decades, highway funding has been distributed by formulas that heavily weigh vehicle miles of road over the actual need for repair or extension. As a result, Alabama has in the past received more funds than Massachusetts, Florida more than New York, and Georgia more than Michigan.18 This inefficient process is only getting worse, as the recently passed surface transportation bill actually increased the percentage of funds apportioned by formula from 83 percent to 92.6 percent.19¶ Highway spending, however, is not the only area where money is allocated in this fashion. According to the Congressional Research Service, the nation’s 20 busiest ports handle 80 percent of arriving oceangoing ships but account for less than 40 percent of federal Harbor Maintenance Trust Fund expenditures.20 In the allocation of funds for drinking water projects, millions of dollars are allotted every year just to ensure that every state receives at least 1 percent of the funds available.21 Such processes virtually ensure a suboptimal distribution of investment, as money is directed according to arbitrary legal requirements not potential impact.¶ America’s present system of infrastructure financing is failing on multiple fronts and falling well short of providing the levels of coordinated and expertly directed investment required to rebuild and modernize our aging bridges, electrical grids, and highways. It is clear that if the status quo is maintained, the United States will only continue to fall further behind its neighbors and competitors—with significant and damaging repercussions for the future health of the U.S. economy.¶ How would an infrastructure bank and planning council help?¶ The establishment of a national infrastructure bank and national planning council would go a long way toward making the existing system of infrastructure financing more rational, efficient, and transparent. In this section, we lay out the potential benefits offered by both institutions and illustrate how they can immediately help remedy the failures of the status quo. Americans deserve an infrastructure network befitting the largest and most innovative economy in the world, and creating a national infrastructure bank and national planning council will do much to achieve that goal.¶ National infrastructure bank¶ A national infrastructure bank would help spur more infrastructure investment by creating a strong federal lending authority capable of financing and coordinating high-value infrastructure investments throughout the country. It could provide low-interest loans and loan guarantees to state, local, and private investors, and help stakeholders connect available capital with financially viable projects and willing partners. Because all of the funds distributed by the bank would be paid back with interest by borrowers following the completion of their projects, the costs to the federal government following the initial capitalization of the bank would be remarkably low. Every federal dollar put into the bank would be able to achieve an impact well beyond its face value by supporting project after project as long as the bank continued operation.¶ Despite its low costs, however, a national infrastructure bank could put a substantial dent in the infrastructure funding gap by attracting billions of dollars in additional public and private investment. By providing the final financial piece that many large projects require to get off the ground, federal infrastructure loans and loan guarantees could enable hundreds of otherwise-abandoned projects to move forward. An infrastructure bank proposal put forward by Sens. John Kerry (D-MA), Kay Bailey Hutchison (R-TX), Mark Warner (D-VA), and Lindsey Graham (R-SC) estimates that an initial $10 billion endowment could provide up to $160 billion in financial assistance over the next decade, pulling in between $320 billion and $640 billion in additional nonfederal spending.22 Such levels of investment would pour billions of dollars into some of the economic sectors hit worst by the recession, among them the construction industry and heavy manufacturing, and could help put thousands of unemployed Americans back to work on projects with guaranteed economic and social returns.¶ An infrastructure bank could be particularly effective at leveraging additional investment because it would be able to make such investment more attractive to private investors. A federal bank could help inexperienced states and localities develop attractive public-private partnerships and could connect willing private partners with these investment opportunities. Providing a single “home” for such project proposals would eliminate the need for investors to make redundant pitches to multiple federal, state, and local agencies, making the entire process of linking private capital with critical infrastructure projects both more efficient and user-friendly. Federal oversight and guidance could also perform the important task of promoting models that protect wages and collective bargaining rights. For all of these reasons, both the U.S. Chamber of Commerce and the American Federation of Labor and Congress of Industrial Organizations see significant benefits for their members should a national infrastructure bank be created, and both have jointly come out in strong support of establishing such a bank.23¶ An infrastructure bank would also help overcome the many problems associated with the annual appropriations process and could provide the types of financial assistance that are most useful for infrastructure projects. By providing long-term loans and loan guarantees, the new bank would make year-to-year federal support significantly more predictable. Short-line railroad owners could hire employees, and clean energy operations could plan for expansion without being constrained by the uncertainty of not knowing whether the critical federal loan programs that support them will exist in a year’s time.¶ Additionally, by building delayed-repayment mechanisms into these loans, many crucial projects could be undertaken even if they may take time to begin generating sufficient user fees or savings to begin repayment. Public and private investors alike frequently find it difficult to acquire financing of this kind, but by filling this void, a national infrastructure bank could further enable billions of dollars in investment.¶ Furthermore, introducing a centralized federal lending authority could help dramatically improve coordination between federal agencies and the multiple lending¶ initiatives they oversee. A recent Center for American Progress analysis estimated that in FY 2010, just under $124 billion in total federal lending authority for infrastructure projects was spread out over six different programs in three different departments. (see Figure 1) It would likely be more efficient for an infrastructure bank to assimilate these existing federal loan schemes. Such changes would eliminate redundancies, build capacity to plan intermodal projects, and further improve due diligence in project selection.¶ Energy is a major cost driver when it comes to getting water to the tap and treating wastewater, but our current system does not adequately account for energy needs when planning water-system improvements. A federal lending authority, however, could allow for drinking and clean water infrastructure investments to be coordinated with the expansion of electrical capacity required to support them. Or it could arrange for channel deepening at ports to be planned alongside the bridge replacements required to ensure new and larger freight vessels can access harbors. Bank experts would be able to actively seek out opportunities for cross-state and cross-sector cooperation, and encourage policymakers and private investors to undertake the kinds of visionary and integrated projects that are the most beneficial to economic growth.¶ Finally, more efficiency-driven project selection could possibly deliver the greatest gains. An independent bank with a professional staff could rank project proposals by expected economic and social returns, and allot funds accordingly. They would not have to be constrained by outmoded formulas or arbitrary allocation processes, and could instead ensure that each dollar lent out achieves the greatest possible impact for the greatest number of people. With funding for projects of all kinds becoming increasingly difficult to come by and with infrastructure needs growing daily, we cannot afford to continue being inefficient with our spending. A national infrastructure bank could help reduce such waste, while making the most of limited resources to effectively promote valuable economic, social, and environmental goals.¶ The creation of a national infrastructure bank would thus help increase public investment, attract private investment, improve investment coordination, and ensure investment efficiency. As the United States becomes more integrated into an increasingly competitive global economy, we have no choice but to pursue these goals, and we must do so with the greatest possible urgency. Indeed, the idea of an infrastructure bank is not new to policymakers. (see box on following page)¶ A brief history of state infrastructure banks¶ The idea of establishing infrastructure banks to help finance needed investment is not new to the United States. As of 2010, 32 states and Puerto Rico already had state infrastructure banks in operation, using them to enter into more than 700 loan agreements worth $6.5 billion.24¶ A handful of banks were established in the 1990s as part of a limited federal pilot program, which was expanded in 2005 to include all states. Since then, most state infrastructure banks have been capitalized using a combination of federal and state funds, although a few have used only state monies to avoid certain federal regulations.¶ While these banks have helped finance hundreds of projects, their results have been somewhat mixed. Almost the entirety of the $6.5 billion allotted in loans comes from only eight states. South Carolina—one of the first participants in the bank pilot program and which raises significant additional funds by allowing its bank to sell bonds—is alone responsible for more than $3 billion of that investment. Many states have barely made use of their banks at all.25¶ Just as importantly, almost all of these banks provide funding only for surface-transportation projects, ignoring other critical types of infrastructure. Due to their relatively small size, they also do not have the funds or expertise necessary to handle regional megaprojects and generally avoid complex multimodal undertakings.26¶ State infrastructure banks will play an important role in meeting future infrastructure needs, but they would be more effective working alongside an equivalent federal institution. Such a national bank would be capable of taking on projects that state banks cannot and providing the expertise, coordination, and leadership currently lacking in our infrastructure-investment system.¶ National infrastructure planning council¶ While structuring financing packages for vital projects is among the most important roles the federal government plays in infrastructure investment, its activities extend well beyond this role and into research, issuing regulations, awarding grants, environmental protection, and even directly operating and maintaining locks, dams, bridges, and utilities throughout our country. To coordinate all of these activities and maximize the efficiency of federal infrastructure programs, we need a national infrastructure planning council. Such a council would unite the disparate federal initiatives currently attempting to individually tackle our national infrastructure crisis, thereby making the jobs of federal agencies easier and dramatically improving program effectiveness.¶ Such a council would help federal agencies establish a common understanding of the scope and breadth of the federal government’s investment in our nation’s infrastructure. By sharing current and pending project inventories, synergistic opportunities can more easily be identified and acted upon. Investments in locks and dams on¶ inland waterways could be coordinated with landside improvements at the seaports they service, while the impact of the information technology revolution on commuting patterns could be taken into consideration when allotting highway funding.¶ A national infrastructure council should also be tasked with collecting and disseminating best practices pertaining to project selection, preventative maintenance, and construction cost reduction. It would also promote the use of common objective measures to evaluate the progress of ongoing and completed infrastructure projects. The council would work to identify opportunities for innovation and help develop new mechanisms for leveraging private investment. A national infrastructure council would also work in close coordination with a national infrastructure bank, as the council could coordinate federal activities with nonfederal and private initiatives to ensure that the bank did not unnecessarily duplicate existing federal expert capacity.¶ With all relevant authorities sitting at a single table, we can finally develop and pursue coordinated approaches to overarching national problems such as road congestion and electrical grid reliability. A national infrastructure planning council would help the United States begin to close the gap between our level of investment and that of our international competitors—whose levels of infrastructure investment have surpassed that of the United States for years—and would help spur economic growth in both the short term and the long term.¶ What might a national infrastructure bank look like?¶ Multiple serious proposals for a national infrastructure bank have been put forward at the Congressional level in just the past five years, beginning with the bipartisan Dodd-Hagel National Infrastructure Bank Act of 2007.27 More recent proposals include the 2011 Building and Upgrading Infrastructure for Long-Term Development, or BUILD Act, sponsored by Sens. Kerry, Hutchison, Warner, and Graham, and the National Infrastructure Development Bank Act, sponsored by Rep. DeLauro (D-CT). The BUILD Act also served as the basis for infrastructure bank proposals recently put forward by the Obama administration, including those found in the proposed American Jobs Act of 2011 and the president’s proposed 2013 federal budget.28¶ These various proposals share many common elements but also differ on several key institutional attributes. In this section we consider which features are almost certain to be incorporated into any future infrastructure bank, as well as components which still require significant attention from policymakers to ensure any proposed institution is as efficient and effective as possible.¶ The fundamentals of an infrastructure bank: Where most plans agree¶ Most infrastructure bank proposals envision a wholly government-owned corporation led by a board selected by the president and subject to some form of congressional approval. Although the board’s size and composition vary among plans, all plans agree that rules must be put in place to ensure the board is not dominated by a single party’s partisan appointees and that its members have sufficient and relevant expertise in infrastructure development and financing. An important balance will also have to be struck between ensuring adequate oversight of the bank and enabling it to operate independent of political pressure, lest its project-selection process simply become another extension of existing, politically motivated allocation methods.¶ The majority of proposals permit an infrastructure bank to offer long-term loans and loan guarantees of up to about 35 years, with the potential for flexible repayment schedules that would allow investors the time required to complete large-scale projects and begin recouping their costs via user fees, tolls, or other revenue sources. Entities eligible to receive financing would include state and local governments, private investors, or public-private partnerships. Eligible project areas vary somewhat between the plans but would almost certainly include energy, transportation, and water projects, possibly alongside environmental and telecommunications undertakings.¶ A successful example of such lending practices can be seen in the aforementioned Transportation Infrastructure Finance and Innovation program. Over the past 14 years, this program has used $9.2 billion in federal funding to provide attractive long-term loans, loan guarantees, and lines of credit that have leveraged more than $36.4 billion in private and public capital, helping undertake 27 major transportation projects across the nation.29 Among the reasons the program has been so successful is its ability to offer loans of up to 35 years and the flexibility of its repayment schedule. Recipients of this program’s loans can wait up to five years after substantial project completion to begin paying back their loans so as to allow time for facility construction and ramp-up.30 The designers of an infrastructure bank would be wise to use these elements of the Transportation Infrastructure Finance and Innovation program as a model.¶ To ensure that a future infrastructure bank accomplishes its goal of attracting significant additional nonfederal and private investment, a cap on the percentage of a project’s financing which can be covered by loans from the bank may also be required. The bipartisan BUILD Act proposal—as well as the most recent administration proposals—set this cap at 50 percent. This would ensure that the federal government never foots the majority of the bill for any project and maximizes the commitments of its public and private partners.¶ Importantly, most existing plans also avoid establishing specific criteria for project selection and leave this process up to the bank’s board. They do, however, emphasize that project selection should take into account all economic, social, and environmental costs. The board should also prioritize projects that lead to economic growth and job creation or are of particular national or regional importance. If an infrastructure bank is properly structured and appropriate selection criteria are adopted, then it could not only help construct new and valuable national assets but also create thousands of jobs and promote environmentally sustainable development.¶ An infrastructure bank proposal from Sens. John Rockefeller (D-WV) and Frank Lautenberg (D-NJ) includes an even greater emphasis on breaking down modal silos in the Department of Transportation. The Rockefeller-Lautenberg proposal also includes a requirement for an infrastructure bank to consider the long-term fiscal and competitiveness impacts of their decision making. Some experts advocate including such proposals from the Democratic infrastructure bank bill in the larger bipartisan BUILD Act.31¶ Variability in bank plans: Important features still to be considered¶ There is a great deal of consensus about what should be included in the creation of an infrastructure bank. But there also is disagreement about certain components.¶ Among the first features of any potential infrastructure bank that remain open for consideration is whether or not a floor should be placed on the size of projects eligible for financing. The proposed BUILD Act and the president’s 2013 federal budget both mandate that estimated project costs be at least $100 million—or, in the BUILD Act, $25 million if the project is in a rural area—in order to receive bank support. The goals of such provisions include ensuring only large projects with substantial returns are financed and keeping bank funds away from smaller projects that could be capable of raising sufficient capital on their own.¶ Such limits, however, may also make it more difficult for the bank to take on the duties of smaller federal lending initiatives such as the Railroad Rehabilitation and Improvement Financing loan program or the Department of Energy’s 1703 and now-defunct 1705 loan programs. These programs support valuable investment in regional rail revitalization and clean energy technologies but generally make relatively small loans to individual companies or local governments. If cost floors exist, policymakers will have to carefully weigh the benefits of streamlining federal investment in infrastructure by assimilating such programs against the costs of cutting support for smaller but still valuable projects.¶ Second, architects of any future bank will have to determine how administrative costs will be covered. These year-to-year costs could simply be taken from the funds used to initially capitalize the bank, although this would diminish its lending authority over time. Yearly congressional appropriations could also be used, but this would then sacrifice the self-sustaining nature of the bank.¶ To circumvent these problems, the BUILD Act proposed allowing the bank to charge fees—such as application and transaction fees—or make interest rate adjustments to ensure a balanced bottom line. This would ensure the fiscal independence of the bank and avoid depleting its loanable funds, but it could make borrowing from the bank slightly less attractive. Regardless of the solution chosen, however, such costs will have to be planned for if the bank is to prove sustainable in the long term.¶ The bank’s ability to increase its pool of loanable funds by issuing bonds or borrowing on global capital markets is also of great importance. The DeLauro proposal includes provisions allowing the bank to do both with the goal of maximizing the amount of money the bank would have on hand to support critical investment. Some state infrastructure banks employ similar practices—including those in Florida and South Carolina—as does the European Investment Bank (described in the box above). But this practice requires attaching higher interest rates to loans issued by the bank since it must subsequently raise more funds to pay back bond buyers.32 Consequently, policymakers will have to evaluate whether the benefits of such debt issuance outweigh the potential for higher rates that could ward off borrowers.¶ Finally, the size of the bank’s initial capitalization and whether it will be a permanent institution are both critical and undecided issues. A permanent institution could help ensure infrastructure investment does not again fall so far below required levels as it has in recent years and would help spur economic growth for decades instead of only in the near term. And if the bank is appropriately structured and fees set at a sufficient rate, then it could become an entirely self-sustaining entity that could operate for decades with virtually no need for additional federal funding. The BUILD Act calls for a permanent bank to be established and capitalized with $10 billion. The DeLauro proposal, in contrast, calls for a temporary bank—to exist for only 15 years—but which would be capitalized with $5 billion annually from FY 2012 through FY 2016.¶ While these are still important features to be decided, there are a number of steps that can be taken to spur the establishment of a national infrastructure bank, as the next section explains.¶ Getting started¶ Neither a national infrastructure bank nor a national infrastructure plan will be created overnight. But there are a number of actions that can be undertaken immediately to move the United States in the right direction. In this section, we will detail the steps that should be taken by policymakers right now to help get these ideas off the ground and help get America’s infrastructure working again. Specifically:¶ •¶ Creating the national infrastructure planning council¶ •¶ Establishing a federal infrastructure bundling entity¶ •¶ Expanding and better utilizing existing federal loan programs in the short term¶ Let’s look at each step in turn.¶ Creating the national infrastructure planning council¶ We should immediately create a federal interagency planning council to ensure we develop a coordinated and comprehensive approach to national infrastructure investment as quickly as possible. The Center for American Progress recommends that the council include, at a minimum, the secretaries or their designees of the following departments, commissioners of the following agencies, and the directors of the following federal offices:¶ •¶ Department of Agriculture, Office Rural Development¶ •¶ Department of Agriculture, Natural Resources Conservation Service¶ •¶ Department of Defense, Army Corps of Engineers¶ •¶ Department of Energy, Office of Electricity Delivery and Reliability¶ •¶ Department of the Interior, Bureau of Reclamation¶ •¶ Department of Transportation, Federal Aviation Administration¶ •¶ Department of Transportation, Federal Highway Administration¶ •¶ Department of Transportation, Federal Railroad Administration¶ •¶ Department of Transportation, Federal Transit Administration¶ •¶ Department of Transportation, Maritime Administration¶ •¶ Environmental Protection Agency, Office of Ground Water and Drinking Water¶ •¶ Environmental Protection Agency, Office of Wastewater Management¶ •¶ Federal Communication Commission¶ •¶ Federal Emergency Management Agency¶ •¶ Federal Energy Regulatory Commission¶ Leadership will be critical to the council’s success. The president should select a knowledgeable and trusted neutral party to lead the council—someone who has experience in both infrastructure investment and interagency coordination. With such a council in place operating with the strong support of the executive branch, departments will be able to have a fuller understanding of each agency’s investments in the nation’s infrastructure and will be better able to identify and take advantage of opportunities for interagency cooperation. This will help ensure the federal government makes the most efficient use of its limited resources and is able to strategically confront the challenges ahead.¶ Establishing a federal infrastructure bundling entity¶ Given existing partisan gridlock in Congress and lawmakers’ hesitance to undertake large new projects, it may take some time to establish a national infrastructure bank. But in the meantime we can move toward establishing a bank while also yielding immediate benefits by creating a federal infrastructure bundling entity.¶ This body—which could be thought of as phase one of a national infrastructure bank—would provide intermediary services between public infrastructure projects and willing private investors but would not distribute loans or loan guarantees. It would identify large financeable projects and prepare them for pairing with interested partners, filling a critical void that is presently preventing millions of potential investment dollars from reaching critical projects due to a lack of viable investment options.¶ This bundling entity would be similar in function to the recently announced Chicago Infrastructure Trust but would operate on a national scale and concentrate on larger-scale and more complex projects. The estimated $1.7 billion in investment commitments the Chicago Infrastructure Trust already expects from investors such as JPMorgan Chase & Co. and Citibank, Inc. demonstrates that a national bundling entity could produce immediate benefits.33¶ To ensure effectiveness, an infrastructure bundling entity should:¶ •¶ Be able to enter into contracts with experts in infrastructure finance, who can work directly with project sponsors¶ •¶ Be able to solicit projects for review and to work with federal agencies to explore creative options for bundling projects such that they may tap public loan programs, as well as private investors¶ •¶ Be required to seek out large-scale, financeable projects in every region of the nation¶ Creating an infrastructure bundling entity would by no means obviate the need for a full-strength infrastructure bank with lending authority, and it would not be able to leverage nearly as much investment. But a bundling entity would produce immediate benefits and help lawmakers recognize the beneficial role a full-fledged bank could provide. CAP recommends that Congress take action to create this entity as soon as possible and appropriate $10 million to fund its operation.¶ Expanding and better utilizing existing federal loan programs in the short term¶ While getting a national infrastructure bank off the ground may take time, there are still hundreds of vital projects throughout the country that need public debt financing. The recent allocation of $1.7 billion to the Transportation Infrastructure Finance and Innovation program over the next two years in the new surface transportation bill is certainly a significant step in the right direction but is insufficient on its own to meet national demand.¶ As a result, CAP recommends restoring the Department of Energy’s 1705 loan program, which invested $25 billion mostly in clean energy projects over two years before expiring in 2011.34 The program should be extended for another 10 years and enabled to support $4 billion in lending authority. This could mobilize up to $40 billion in additional investment, a CAP analysis found.35¶ Additionally, other underutilized loan programs should be encouraged to streamline their application and awards processes and utilize a greater percentage of their lending authority to put the highest rate of available funds to work. Of the nearly $124 billion available in FY 2010 for federal loans, loan guarantees, and lines of credit, a recent CAP analysis found that only approximately $44 billion was actually disbursed.36 One particular example of such underutilization can be seen in¶ the Railroad Rehabilitation and Improvement Financing program, which has only allocated a total of $1.3 billion in loans since its lending authority was extended to $35 billion in 2005.37¶ Certainly, accountability and good judgment in the allocation process must be maintained. In any given year it may not be feasible or responsible to disburse the entirety of the funds legally available. But there is significant room for improvement, and our existing system of infrastructure investment is far from tapping its full potential. By expanding and better utilizing existing federal loan programs, at least some progress can be made in repairing and modernizing America’s infrastructure before a national infrastructure bank is established.¶ Conclusion¶ For decades the United States has categorically underinvested in its infrastructure, and it should come as no surprise that the consequences of this negligence are finally coming home to roost. Locks and dams on inland waterways are falling apart. Commuters and businesses alike are losing billions of dollars on congested highways. And the nation’s electrical grids and drinking water systems are aging to the point of failure.¶ Meanwhile, our competitors in the global economy have only ramped up infrastructure investment and adopted ambitious national plans and targets. If the United States is to remain internationally competitive, and our economy is to return to its previous growth rates, then we have no choice but to repair and modernize our creaking infrastructure. Establishing a national infrastructure bank and planning council could immediately help accomplish these goals.¶ To be sure, some commentators—including the Congressional Budget Office, in a recent report—express concerns that there may not be enough suitable projects for an infrastructure bank to finance, particularly in the realm of surface transportation. The same report also notes that surface transportation support through an infrastructure bank may ultimately be duplicative of existing federal loan and loan guarantee programs.38 But as we have established in this report, an infrastructure bank could have an enormous impact in planning and financing the kinds of large-scale, multimodal projects that create jobs and increase our economic competitiveness, but which struggle to attract federal funding or leverage sufficient private funds.¶ Rather than focusing solely on surface transportation—long a priority in congressional appropriations—a national infrastructure bank would ideally be able to finance complex investments that integrate transportation systems and enable our ports, rails, roads, and waterways to operate more efficiently. Moreover, such investments would leverage productivity gains throughout the economy by better connecting improvements in related infrastructure sectors—energy and water infrastructure, for instance.¶ While the Congressional Budget Office report expresses concern that a sufficient pipeline of such projects may not exist in the short term, Robert Puentes of the Brookings Metropolitan Policy Program respectfully disagrees. In 2011 Brookings “challenged public and private leaders to send us their ideas for innovative, transformative investments. And the response was tremendous,” Puentes writes in The New Republic.39 He points out, rightly, that not every project would make sense for financing through a national infrastructure bank, but creating a national bank sends a clear signal to the private sector and the rest of the world that the United States is making bigger, smarter choices about infrastructure. A national infrastructure bank is the missing link needed to connect private capital to the kinds of infrastructure megaprojects most needed to boost economic activity and competitiveness.¶ Working in concert, a national infrastructure bank and planning council would help increase and coordinate public investment and ensure that federal dollars go only to deserving projects with substantial potential returns. By helping bridge the gap between private investors and critical infrastructure projects, these institutions could also attract billions of dollars in additional investments and help get promising but complex projects off the drawing board. It is time to stop wasting taxpayer dollars on a system characterized by inefficient formulas and disconnected decision making. It is time to finally create institutions capable of providing Americans with the infrastructure they need to compete, create jobs, and innovate.¶ Establishing a national infrastructure bank and national infrastructure planning council makes economic sense and offers taxpayers the opportunity to multiply a relatively modest investment into massive and meaningful gains nationwide. Only by investing today can we hope to improve our prospects for tomorrow, and only by establishing such institutions can we ensure that our investment achieves its maximum potential. The stakes are simply too high to accept the status quo, and it is past time for us to stop neglecting the very foundation of our economy.

#### Otherwise, *slow growth* will collapse the *structural* *determinants* of *cooperative* international relations

Khalilzad 11 (Zalmay Khalilzad, counselor at the Center for Strategic and International Studies, former U.S. ambassador to Afghanistan, Iraq, and the United Nations, former director of policy planning at the Defense Department, Ph.D. University of Chicago, M.A., B.A. American University of Beirut, “The Economy and National Security,” National Review Online, 2-8-2011, http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad?)

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 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 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 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. 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. As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression. Given the risks, the United States must focus on restoring its economic and fiscal condition while checking and managing the rise of potential adversarial regional powers such as China. While we face significant challenges, the U.S. economy still accounts for over 20 percent of the world’s GDP. American institutions — particularly those providing enforceable rule of law — set it apart from all the rising powers. Social cohesion underwrites political stability. U.S. demographic trends are healthier than those of any other developed country. A culture of innovation, excellent institutions of higher education, and a vital sector of small and medium-sized enterprises propel the U.S. economy in ways difficult to quantify. Historically, Americans have responded pragmatically, and sometimes through trial and error, to work our way through the kind of crisis that we face today. The policy question is how to enhance economic growth and employment while cutting discretionary spending in the near term and curbing the growth of entitlement spending in the out years. Republican members of Congress have outlined a plan. Several think tanks and commissions, including President Obama’s debt commission, have done so as well. Some consensus exists on measures to pare back the recent increases in domestic spending, restrain future growth in defense spending, and reform the tax code (by reducing tax expenditures while lowering individual and corporate rates). These are promising options. The key remaining question is whether the president and leaders of both parties on Capitol Hill have the will to act and the skill to fashion bipartisan solutions. Whether we take the needed actions is a choice, however difficult it might be. It is clearly within our capacity to put our economy on a better trajectory. In garnering political support for cutbacks, the president and members of Congress should point not only to the domestic consequences of inaction — but also to the geopolitical implications. As the United States gets its economic and fiscal house in order, it should take steps to prevent a flare-up in Asia. The United States can do so by signaling that its domestic challenges will not impede its intentions to check Chinese expansionism. This can be done in cost-efficient ways. While China’s economic rise enables its military modernization and international assertiveness, it also frightens rival powers. The Obama administration has wisely moved to strengthen relations with allies and potential partners in the region but more can be done. Some Chinese policies encourage other parties to join with the United States, and the U.S. should not let these opportunities pass. China’s military assertiveness should enable security cooperation with countries on China’s periphery — particularly Japan, India, and Vietnam — in ways that complicate Beijing’s strategic calculus. China’s mercantilist policies and currency manipulation — which harm developing states both in East Asia and elsewhere — should be used to fashion a coalition in favor of a more balanced trade system. Since Beijing’s over-the-top reaction to the awarding of the Nobel Peace Prize to a Chinese democracy activist alienated European leaders, highlighting human-rights questions would not only draw supporters from nearby countries but also embolden reformers within China. Since the end of the Cold War, a stable economic and financial condition at home has enabled America to have an expansive role in the world. Today we can no longer take this for granted. Unless we get our economic house in order, there is a risk that domestic stagnation in combination with the rise of rival powers will undermine our ability to deal with growing international problems. Regional hegemons in Asia could seize the moment, leading the world toward a new, dangerous era of multi-polarity.

#### Slow growth also ensures any *transition* is *violent* and *escalates*

Goldstein 7 (Avery Goldstein, Professor of Global Politics and International Relations, University of Pennsylvania, “Power transitions, institutions, and China's rise in East Asia: Theoretical expectations and evidence,” [Journal of Strategic Studies](http://www.informaworld.com/smpp/title~db=all~content=t713636064), Volume[30](http://www.informaworld.com/smpp/title~db=all~content=t713636064~tab=issueslist~branches=30#v30), Issue [4 & 5,](http://www.informaworld.com/smpp/title~db=all~content=g780703608)August 2007, p.639-682)

Two closely related, though distinct, theoretical arguments focus explicitly on the consequences for international politics of a shift in power between a dominant state and a rising power. In War and Change in World Politics, Robert Gilpin suggested that peace prevails when a dominant state’s capabilities enable it to ‘govern’ an international order that it has shaped. Over time, however, as economic and technological diffusion proceeds during eras of peace and development, other states are empowered. Moreover, the burdens of international governance drain and distract the reigning hegemon, and challengers eventually emerge who seek to rewrite the rules of governance. As the power advantage of the erstwhile hegemon ebbs, it may become desperate enough to resort to theultima ratio of international politics, force, to forestall the increasingly urgent demands of a rising challenger. Or as the power of the challenger rises, it may be tempted to press its case with threats to use force. It is the rise and fall of the great powers that creates the circumstances under which major wars, what Gilpin labels ‘hegemonic wars’, break out.13 Gilpin’s argument logically encourages pessimism about the implications of a rising China. It leads to the expectation that international trade, investment, and technology transfer will result in a steady diffusion of American economic power, benefiting the rapidly developing states of the world, including China. As the US simultaneously scurries to put out the many brushfires that threaten its far-flung global interests (i.e., the classic problem of overextension), it will be unable to devote sufficient resources to maintain or restore its former advantage over emerging competitors like China. While the erosion of the once clear American advantage plays itself out, the US will find it ever more difficult to preserve the order in Asia that it created during its era of preponderance**.** The expectation is an increase in the likelihood for the use of force – either by a Chinese challenger able to field a stronger military in support of its demands for greater influence over international arrangements in Asia, or by a besieged American hegemon desperate to head off further decline. Among the trends that alarm those who would look at Asia through the lens of Gilpin’s theory are China’s expanding share of world trade and wealth(much of it resulting from the gains made possible by the international economic order a dominant US established); its acquisition of technology in key sectors that have both civilian and military applications (e.g., information, communications, and electronics linked with to forestall, and the challenger becomes increasingly determined to realize the transition to a new international order whose contours it will define. the ‘revolution in military affairs’); and an expanding military burden for the US (as it copes with the challenges of its global war on terrorism and especially its struggle in Iraq) that limits the resources it can devote to preserving its interests in East Asia.14 Although similar to Gilpin’s work insofar as it emphasizes the importance of shifts in the capabilities of a dominant state and a rising challenger, the power-transition theory A. F. K. Organski and Jacek Kugler present in The War Ledger focuses more closely on the allegedly dangerous phenomenon of ‘crossover’– the point at which a dissatisfied challenger is about to overtake the established leading state.15 In such cases, when the power gap narrows, the dominant state becomes increasingly desperate. Though suggesting why a rising China may ultimately present grave dangers for international peace when its capabilities make it a peer competitor of America, Organski and Kugler’s power-transition theory is less clear about the dangers while a potential challenger still lags far behind and faces a difficult struggle to catch up. This clarification is important in thinking about the theory’s relevance to interpreting China’s rise because a broad consensus prevails among analysts that Chinese military capabilities are at a minimum two decades from putting it in a league with the US in Asia.16 Their theory, then, points with alarm to trends in China’s growing wealth and power relative to the United States, but especially looks ahead to what it sees as the period of maximum danger – that time when a dissatisfied China could be in a position to overtake the US on dimensions believed crucial for assessing power. Reports beginning in the mid-1990s that offered extrapolations suggesting China’s growth would give it the world’s largest gross domestic product (GDP aggregate, not per capita) sometime in the first few decades of the twentieth century fed these sorts of concerns about a potentially dangerous challenge to American leadership in Asia.17 The huge gap between Chinese and American military capabilities (especially in terms of technological sophistication) has so far discouraged prediction of comparably disquieting trends on this dimension, but inklings of similar concerns may be reflected in occasionally alarmist reports about purchases of advanced Russian air and naval equipment, as well as concern that Chinese espionage may have undermined the American advantage in nuclear and missile technology, and speculation about the potential military purposes of China’s manned space program.18 Moreover, because a dominant state may react to the prospect of a crossover and believe that it is wiser to embrace the logic of preventive war and act early to delay a transition while the task is more manageable, Organski and Kugler’s power-transition theory also provides grounds for concern about the period prior to the possible crossover.19 pg. 647-650

#### And it provides a *structural* filter to the *probability* AND *magnitude* of all transnational threats and scenarios for *nuclear* conflict – determines the *limits* of *institutional* *manageability*

Harris & Burrows 9 (Mathew Harris, counselor of the U.S. National Intelligence Council (NIC), Ph.D. European History, Cambridge University; and Jennifer Burrows, member of the NIC’s Long Range Analysis Unit; “Revisiting the Future: Geopolitical Effects of the Financial Crisis,” The Washington Quarterly, April 2009, <https://csis.org/files/publication/twq09aprilburrowsharris.pdf>)

Wider Ramifications of an Enduring Global Financial Crisis The report’s 30,000 ft. lesson that historic changes in the global economic and financial landscape require corresponding shifts in foreign policy thinking, is, if anything, even more apt. Artificial divisions between ‘‘economic’’ and ‘‘foreign’’ policy present a false dichotomy. To whom one extends swap lines and how the IMF is recapitalized are as much foreign policy as economic decisions. Several states openly hinge support for NATO and U.S. coalition efforts upon domestic economic conditions which in turn, they insist, is contingent on U.S. monetary and fiscal aid. Others blend the two with even greater calculation: China using its SWF to compel Costa Rica to disavow Taiwan, Russia resorting to military tactics to scare would be investors away from competing pipeline projects. Economics as High Politics As markets prove truly global in reach and risk, as margins progressively thin, and states assume ever-more market presence, the fictional barriers between ‘‘economic’’ and ‘‘foreign’’ policy will be increasingly difficult, even dangerous, to maintain. Finance and markets are now high politics. Mere days after the G-20 convened in Washington and promised to ‘‘refrain from raising new barriers to investment or to trade,’’ Brazil supported hikes in Mercosur common external tariffs on a range of goods, China tightened its dollar-peg and announced a new round of export tax-breaks, India levied a new duty on iron and steel manufactures, and Russian leaders increased auto import tariffs. Inability to hold ground on these old and familiar problems will exacerbate progress on new, arguably more difficult tasks such as managing stimulus efforts, coordinating their eventual drawdown, and not least, undertaking any meaningful financial regulation. Against these odds, and in face of untold consequences of failure, the price of admission onto the international high table, whether indeed the G-20 or some successor entity, must be more than aggregate GDP, and include increased responsibility for shouldering global burdens if new institutions are to be effective. Increased Potential for Global Conflict Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups—Inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks—and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world. What Kind of World will 2025 Be? Perhaps more than lessons, history loves patterns. Despite widespread changes in the world today, there is little to suggest that the future will not resemble the past in several respects. The report asserts that, under most scenarios, the trend toward greater diffusion of authority and power that has been ongoing for a couple of decades is likely to accelerate because of the emergence of new global players, the worsening institutional deficit, potential growth in regional blocs, and enhanced strength of non-state actors and networks. The multiplicity of actors on the international scene could either strengthen the international system, by filling gaps left by aging post-World War II institutions, or could further fragment it and incapacitate international cooperation. The diversity in both type and kind of actor raises the likelihood of fragmentation occurring over the next two decades, particularly given the wide array of transnational challenges facing the international community. Because of their growing geopolitical and economic clout, the rising powers will enjoy a high degree of freedom to customize their political and economic policies rather than fully adopting Western norms. They are also likely to cherish their policy freedom to maneuver, allowing others to carry the primary burden for dealing with terrorism, climate change, proliferation, energy security, and other system maintenance issues. Existing multilateral institutions, designed for a different geopolitical order, appear too rigid and cumbersome to undertake new missions, accommodate changing memberships, and augment their resources. Nongovernmental organizations and philanthropic foundations, concentrating on specific issues, increasingly will populate the landscape but are unlikely to affect change in the absence of concerted efforts by multilateral institutions or governments. Efforts at greater inclusiveness, to reflect the emergence of the newer powers, may make it harder for international organizations to tackle transnational challenges. Respect for the dissenting views of member nations will continue to shape the agenda of organizations and limit the kinds of solutions that can be attempted. An ongoing financial crisis and prolonged recession would tilt the scales even further in the direction of a fragmented and dysfunctional international system with a heightened risk of conflict. The report concluded that the rising BRIC powers (Brazil, Russia, India, and China) seem averse to challenging the international system, as Germany and Japan did in the nineteenth and twentieth centuries, but this of course could change if their widespread hopes for greater prosperity become frustrated and the current benefits they derive from a globalizing world turn negative.

### 1ac advantage 2

#### Advantage Two is Elections:

#### Obama will win – consensus of statistical models, polls, indicators and empirics

Zero Hedge 10-18 (citing Tina Fordham, Citi Research's Global Political Analyst, “Citi On The Election: ‘Ignore Pundits & Partisans; HuffPo Data Says Obama’,” 10-18-2012, http://www.zerohedge.com/news/2012-10-18/citi-election-ignore-pundits-partisans-huffpo-data-says-obama)

With less than 20 days to go to the election, the Presidential race has tightened following Romney's performances in the debates, as the Republican challenger has overtaken the president in the national averages for the first time this year (and RealClearPolitics has him with an edge in the electoral college also). But ever the fair-and-balance bank, Citi believes that Obama's advantages remain substantial, as an incumbent president in an improving economic environment. In this broad discussion, the Pandit-less bank addresses 'the data' driving their Obama call, what would have to happen for a Romney win, the Senate and House split, The Tea Party (and other unusual events), and the 'bungee jump'-causing headline risk of the pending Fiscal Cliff debate.¶ ¶ Via RealClearPolitics (today):¶ ¶ Citi: The Data-Driven Case for an Obama Victory¶ Since August, we've argued that President Barack Obama is likely to be re-elected to a second term. Our view, based on a political science assessment, derives from Obama's year-long lead in the polls and from the marginal improvement in the US economy. While the race has tightened over the past two weeks, we nevertheless reiterate our call, while underscoring that the president’s lead has narrowed and the race has returned to the state of play of late summer, prior to the conventions. In our view, investors should focus on the political fundamentals.¶ With over 500 polls having been conducted in the United States this year, we pay attention to the totality of the data and to the main trends. This focus on rolling averages makes more statistical sense, and it avoids the 'house effects' that come along with a reliance on any individual polling outfit.¶ Despite Governor Mitt Romney's recent bounce, Obama maintains his lead in the Pollster.com rolling average. The Real Clear Politics average is subject to more volatility, and showed Romney leading between October 9 and October 16.¶ This year-long lead is important because, historically, incumbent presidents who have led their challengers all year have gone on to be re-elected, while incumbent presidents who fall behind have been defeated. These incumbents were often behind as early as May (i.e. five months ago). The conventional wisdom is often flatly incorrect here. As we discuss later, 'come from behind' victories are incredibly rare, if indeed they've ever happened.¶ At the same time, as we noted in September, the US economy hit its lows three years ago and is not in recession today, and the swing states have added almost a million jobs. Looking at other elections in mature industrialized economies in the past year, leaders presiding over countries with positive economic growth, even nominal growth, have tended to be re-elected, while those where the economic indicators were going into reverse have been voted out of office.¶ ¶ Why Not Romney (Yet)?¶ Governor Mitt Romney's poll numbers have surged since his strong performance in the first debate on October 3. Will it be enough to see him to victory? After a week, some commentators suggest that the Romney bump may already be receding, with all eyes focused to see if the momentum can continue.¶ Romney’s favorable ratings, long a persistent liability, have improved six points over the past month and 15 points since the peak of the grueling Republican primaries. Romney enters the end of October a far more popular candidate, but still one struggling to win over a majority of voters. Favorability ratings are highly correlated with election results, and Romney was hampered by his “upside down” ratings all year.¶ Romney's rise the national polls hasn't been matched by better performances in the states. Romney's national boost has translated into leads in only two more swing states: Florida and Virginia. Arithmetic says that if Romney makes gains overall, he should also make gains in the swing states. Without these gains, reversion to the mean may be forthcoming.¶ Obama still leads in seven of the ten swing states. Obama only needs to win 53 electoral votes among the swing states to be re-elected, so even the loss of Florida's 29 votes doesn't substantially endanger his electoral math. Romney needs to make more headway to overtake the president, gaining 79 votes of the 130 at stake.¶ Swing state voters aren't easy to convince. These states have seen far more campaign activity than the rest of the country, so voters there have been exposed to more information about the candidates and are therefore more likely to have firm opinions. It's also clear that Republicans have been significantly outspent by Democrats up to this point.4 These factors make swing state numbers much harder to move than the electorate as a whole, and that's exactly the dynamic we've seen.¶ The momentum in the US economy is still positive, albeit sluggish. After more than three years, the US employment rate dropped below 8% this month, an economic milestone. Yet Obama saw no discernable boost from the change. In our previous assessment, we cited academic studies highlighting that economic indicators have surprisingly meager effects on election results, especially the unemployment rate with its r2 of zero.¶ The premise of the Romney campaign remains problematic. Romney is ahead of the president in most assessments of his competence on the economy, the overwhelming top priority of voters this year. Romney has argued that Obama should be fired because of the sluggish state of the US economy. But despite slow growth and high unemployment, voters may have lowered their expectations for the recovery, and may not be focusing on these indicators as much as may have been expected. For those who ask why Romney doesn’t lead in an environment of US economic woe and a global anti-incumbent trend, this number may hold the key. A recent Pew poll found that only 36% of Independents, the quintessential swing voters, had heard bad news about the economy recently. The balance heard good or neutral news. This number is striking because it highlights the struggle that has faced Romney all year.¶ The right direction/wrong track number has improved. Pollsters have historically asked voters whether they think the country is headed in the right director or off on the wrong track. As we've mentioned in past, this key indicator has been upside-down for as long as a decade and is indicative of a pessimistic 'new normal' in the United States. But the 'right direction' number has approved 10% since July, and this shift is also to Obama's benefit.¶ Political scientists and forecasters say the fundamentals still favor Obama. Professor James Campbell, the dean of the election watchers in the American political science community, looked at thirteen models published in peer-reviewed journals and found that eight of the thirteen models journals forecast an Obama victory. The combination of all 13 models gives Obama 50.2% of the vote. Other popular models from The New York Times' Nate Silver and Emory University professor Drew Linzer also point to an Obama win.¶ ¶ Bush-Gore Redux? No.¶ The closeness of the race raises the possibility of a Bush-Gore situation, where the victorious candidate wins the Electoral College but loses the popular vote. This eventuality, which has only happened once in the past 124 years, is highly unlikely.¶ Obama still leads overall, and in an electorate of 140 million even a 1% victory means a margin of almost 1.5 million votes. Furthermore, arithmetic suggests that Obama's margins of victory in the larger swing states of Ohio and Pennsylvania should more than balance out Romney's margins should the latter win Florida. Anything is possible in politics, but we feel comfortable putting a negligible probability on this scenario.¶ ¶ 'Come From Behind' Elections, and the Lack Thereof¶ That Romney has been able to repair his image, damaged by hard-fought Republican primaries and gaffes like his "47%" comment, is significant. This trend is the best single argument to be made for new strength underlying the Romney campaign. Favorability is far better correlated with electoral outcomes than economic indicators which, as we've demonstrated, are not very predictive. So with three weeks left, what are the prospects that Romney can come from behind to win?¶ A review of past elections shows that the leader in Gallup's October polling has gone on to win in almost every case since 1948. This year, Obama is the October leader. A rolling average of Gallup's polling this month, provided by Pollster.com, shows Obama with a 2-point lead.¶ ¶ And even Gallup's two 'come from behind' cases are problematic. The 1948 campaign is remembered for Truman's relentless whistle-stop tour and that famous "Dewey Defeats Truman" headline. But polling was in such a primitive state at the time, it's difficult to know whether Truman's campaign was truly in jeopardy.¶ As we have previously noted, the typical narrative of the 1980 campaign, where Reagan swung the election in the final weeks, is flatly wrong. As usual, we look at the totality of the data. Carter – hobbled by vigorous opposition inside the Democratic Party, economic "malaise" and the Iran hostage crisis – trailed Reagan as early as May. This year, a number of commentators have been quick to point this out.¶ As mentioned, endangered incumbent presidents trail their challengers long before Election Day. Should Romney manage to buck this trend, it would be a first in modern presidential history. To us, the rarity of this event is another argument in favor of our base-case scenario: Obama by a nose in November.¶ Democrats on Top in US Senate¶ We also reiterate our earlier view that the political status quo will continue after the US election: Obama in the White House, Republicans in the US House, and Democrats in the Senate. Republican chances to win the Senate have receded since our last update.¶ Of the ten Senate races we identified as competitive according to the polling data, Republicans lead today in three (Arizona, Indiana, Nevada), none of which is held by Democrats. Democrats lead in seven (Connecticut, Massachusetts, Missouri, Montana, North Dakota, Virginia and Wisconsin). Retirements will be a wash: Democrats will pick up Maine, while Republicans will pick up Nebraska. Other races, like Florida and Ohio, are not competitive and will be Democratic holds.¶ Republicans need four seats to take control, but a Democratic lead in GOP-held Massachusetts may mean that Republicans could even lose a seat. Republicans appear to have fallen behind in Montana, North Dakota and Wisconsin, not to mention Missouri, where they led earlier in the cycle. Democrats hold only small leads there, as in Virginia and Connecticut. These states will be the chief battlegrounds over final three weeks.¶ ¶ Fiscal Cliff: 'Bungee Jumping' & Headline Risk¶ After the election, Washington's focus will shift to the fiscal cliff. The outgoing 'lame duck' Congress will meet for another two months.¶ Our basic thesis on the fiscal cliff has been simple: if you have the same players and the same situation, you should expect the same outcomes. Our base-case scenario is that the players remain the same: Obama in the White House and a divided Congress. We expect another piecemeal, short-term fiscal deal that temporarily resolves the fiscal cliff problem. The question is the timing: during the lame duck Congress, or in January after tax rates expire and sequestration begins?¶ Only a handful of legislative leaders will be key players in fiscal cliff negotiations. This is a positive development for the prognosticator, because it means one can ignore the press statements from the pundits and even from most Members of Congress, because they will not be in the room when a deal is cut.¶ ¶ With the resolution of the fiscal cliff buried in the minds of only a few, it's impossible to forecast accurately how the sausage will be made.¶ ¶ Even so, we highlight these possibilities for investors:¶ The influence of psychology & election results. Beginning the day after the election, legislative leaders and the President will look to see how their respective parties fared in the election, and how it might affect their leadership standing within their caucuses. From this they can demonstrate how much they can sell to their own Members and how much room for compromise exists. In reality, this means that the roadmap for a fiscal cliff solution is determined by their psychology and their perceptions of the election results. We'll be paying close attention to leaders' statements in reaction to the election.¶ 'Bungee jump.' Policymakers are concerned less about winning than avoiding losing. Going over the cliff for a short period in January may allow both Republicans and Democrats to avoid the toughest of votes, and it's an option that has been discussed widely in the press, both by us and by others. While not necessarily our base-case scenario, we caution investors to be aware.¶ Headline risk. Regardless of what happens on November 6, we should expect to see a very vocal debate inside both parties about 'who won' and 'who lost.' This debate will be played out loudly in the press in the context of fiscal cliff negotiations. If the news is particularly dire or suggests an impeding showdown, there may be market action in response. But investors should remember that very few of these people, even seemingly senior Members of Congress, will have influence over the process.¶ Republican sweep. A victory for Romney or Senate Republicans may mean that the GOP, fresh from victories at the polls and looking to put their own stamp on a fiscal cliff solution, will hold off until January for its own fix. Timing becomes important, as the new president Romney wouldn't take office until January 20, twelve market trading days after sequestration begins. (And January 20 is a Sunday, which could push 'day one' activities back another 24 hours.)¶ Blanket extensions. Though few commentators have discussed it, the possibility of simple blanket extensions to expiring tax cuts and budget cuts is there. Political players tend to downplay this scenario, if only because the simplest solutions have seemed to bedevil Congress over the past few years, but that shouldn't exclude this case as a possibility.¶ A summer tax package? Obama and Romney have talked about passing comprehensive tax reform in the new Congress, though certainly their packages would look quite different. Both Republicans and Democrats see this commitment as credible, and Hill staffers have been taking meetings and drafting legislation. A new tax code would be about as big a piece of legislation as Congress considers, so the idea that there may be a tax package in the summertime will affect the fiscal cliff negotiations in the winter.¶ ¶ The Unlikely Scenarios¶ Though multiple outcomes are possible, we feel comfortable putting low to negligible probabilities on these cases:¶ Republican 'capitulation.' Some have suggested that Republicans will merely defer to a re-elected Obama or, alternatively, a rogue group of Republicans will bolt from their own party to join with the Democratic president. But this isn't a very accurate picture of legislative politics in the United States. In reality, the one-year fiscal deals of the past few years have been cut between President Obama, House Republican Speaker Boehner and House Democratic leader Pelosi. The majority of both Republicans and Democrats signed off on the packages, leaving ample room for endangered Members on both the left and the right to protect their seats by voting against it. This roadmap is more likely in the American context than the idea that a cadre of renegade Republicans stands ready to throw their lot in with Obama.¶ The 'grand bargain.' Some commentators have suggested that policymakers can agree on a plan that will provide a definitive resolution to America's deficit problems and reform tax and budget policy. Many of those holding this view are from the business & economics community, where such a 'grand bargain' would certainly be very well-received. But even the historic budget compromises of the 1980's and 1990's weren't so far-reaching, so it stretches the mind to imagine that this option is in the cards for 2012.¶ No action. Even in this era of polarized politics, no commentator believes that Congress will take zero action and send the US economy back into recession. The question is the timing of a deal, as well as the substance.¶ ¶ A Note on the Tea Party¶ In our view, the numbers don't support the argument by some observers over the past few years that there is undue 'Tea Party influence' over the US budget process. Today the Tea Party Caucus has 60 members, a fraction of the 241 Republicans in the US House.9 This proportion is enough neither to block legislation nor to unseat the Republican leadership, should they want to pressure Speaker John Boehner on these issues. (There are four Tea Party members in the US Senate, out of 47 Republicans there.)¶ It is worth noting that despite Tea Party influence in the 2010 Congressional midterms, Mitt Romney is not a Tea Party member. Rather he was regarded as an establishment candidate in the Republican primaries, not the representative of any ideological or issue-based faction. (Congresswoman Michele Bachmann was the Tea Party candidate.) Congressman Paul Ryan is also not a Tea Party member. He would be considered a budget hawk, although many Tea Party members would certainly support him.¶ So conservatives and Tea Party members would not see a Romney loss as a rejection of their beliefs. Almost all these members sit in strong Republican districts and will be re-elected this year. To us, this factors into the psychology of Members as they react to the elections and turn their focus to the fiscal cliff as we've described.¶ ¶ What Next?¶ The next US President will face significant tests at home and abroad. The pressing issues of debt and the deficit will remain prominent, and foreign policy challenges will return to the fore.¶ With January elections in Israel pushing back the imminent threat of an attack on Iran, the civil war in Syria at a stalemate, and the continued dynamics of a post-Arab Spring region, the Middle East will remain in the foreground in 1H 2013. Likewise, US policymakers will deal with the persistent economic crisis in Europe and with new leaders in China.¶ 2012 has been a very political year for the United States, but worldwide political risk shows no sign of abating in 2013.

#### Only passing an infrastructure bank gives him an *economic mandate* – perceived as *prioritizing* *job* *creation* over austerity

Jones 12 (Forrest Jones, citing Robert Reich, economist, former U.S. Secretary of Labor, and professor of public policy at the University of California at Berkeley, “Reich: Obama’s Campaign Message Falling Short,” Money News, 4-23-2012, http://www.moneynews.com/StreetTalk/Reich-Obama-Campaign-Message/2012/04/23/id/436699)

President Barack Obama can lose to likely challenger Mitt Romney if he sticks with his we've-come-this-far campaign message, says economist and former U.S. Secretary of Labor Robert Reich. The economy is recovering but not fast enough to prevent voters from blowing off Obama's stick-with-me promises in favor of Romney's I'll-do-it-better stumps. "The Obama White House should face it: 'We’re on the right track' isn’t sufficient. The President has to offer the nation a clear, bold strategy for boosting the economy. It should be the economic mandate for his second term," Reich writes in his blog. Editor's Note: For Obama to win, he needs to base his campaign on four points, according to Reich, who served in three national administrations and was a secretary of labor under President Bill Clinton. First, Obama should demand that the nation’s banks modify mortgages of struggling homeowners and threaten to bring the Glass-Steagall Act if banks don't go along. The repeal of the Glass-Steagall Act under President Clinton allowed banks to offer both retail and investment banking services. Second, he needs to do more to fight oil speculators than he is already doing, and third, he needs to push through more job-creating investments in the infrastructure by renewing his call for an infrastructure bank and put job-creating top priority over fiscal austerity. Lastly, he need to tackle widening income gaps. "With so much of the nation’s disposable income and wealth going to the top, the vast middle class doesn’t have the purchasing power it needs to fire up the economy. That’s why the Buffett rule, setting a minimum tax rate for millionaires, is just a first step for ensuring that the gains from growth are widely shared," says Reich, a professor of public policy at the University of California at Berkeley. Obama's Buffett Rule, which slaps a 30 percent minimum tax on those earning at least $1 million annually and named after legendary investor Warren Buffett who championed the idea, failed to push through in the Senate.

#### Specifically, calling a *special session* to pass *part of the Jobs Act* just before the election is key to *contrast* Obama’s *action* with Congressional *obstruction*

Williams 9-4 (Victor Williams, attorney, Washington D.C., clinical assistant professor, Catholic University of America School of Law, “Harry Truman Advises Obama in Charlotte: Reconvene Congress to Fix Fiscal Cliff,” Huffington Post, 9-4-2012, http://www.huffingtonpost.com/victor-williams/harry-truman-advises-obam\_b\_1850165.html)

At the 1948 Democratic National Convention, Harry Truman accepted his party's nomination with a bold speech condemning the "Do Nothing" Republican Congress. President Truman was substantive and specific.¶ Truman described a Republican leadership long-controlled by "special privilege and greed" which served the "privileged few and not the common everyday man." He chronicled how the Republican Congress had repeatedly blocked needed economic and social reform legislation.¶ President Truman detailed the obstruction -- bill by bill. Republicans had blocked reforms in minimum wage, housing, taxes, education, social security, health care, energy, and civil rights.¶ Truman then ordered the Republicans to get back to work. President Truman announced from the Philadelphia convention that he would formally call Congress back from its long pre-election adjournment. Invoking Article II, Section 3 authority to convene a special session, Truman made the case for immediate action over mere political promises.¶ In his 2012 Charlotte acceptance speech, Barack Obama should invoke both Article II, Section 3 and the Truman precedent to formally "re-convene" Congress from its present recess. President Obama should charge the Congress with fixing the impending "fiscal cliff." In reconvening the Second Session for the constitutional "extraordinary occasion," Obama should state his expectation that future breaks and recesses (except religious holidays) be cancelled until the fiscal job is finished.¶ Obama should first demand that Congress deal with the myriad of taxes scheduled to increase in 2013. There is no justification for the Republicans continued opposition to tax cuts for 98 percent of Americans. President Obama should demand tax cut legislation be completed by summer's end - two weeks. As Truman stated in his speech:¶ They can do this job in 15 days if they want to do it. They will still have time to go out and run for office.¶ Obama should fully describe the damage caused to economic recovery and job growth by continued congressional obstruction. Obama should again strongly condemn those congressional Republicans who would edge the American economy ever closer to the fiscal cliff for shameless electoral advantage.¶ President Obama should reassert his willingness to work together with reasonable Republicans for a fiscal solution. A grand bargain can still be timely struck -- well before November 6.¶ As Truman did, Obama should cite his constitutional responsibility to challenge congressional irresponsibility notwithstanding the active election season:¶ My duty as President requires that I use every means within my power to get the laws the people need on matters of such importance and urgency.¶ Few would dispute the urgency or importance of fixing the fiscal cliff. The uncertainty costs alone - blunt automatic spending cuts, substantial tax hikes, debt ceiling limit- seriously harm the recovery. Congress's own budget authority (CBO) reports that a failure to timely act would likely bring a "significant recession" with two-million jobs lost.¶ By demanding immediate action, Obama would crystalize the contrast between the Republican Convention's vague economic promises and the Republican Congress's record of obstruction. Just as Truman framed the debate:¶ Now, what...Congress does in this special session will be the test. The American people will not decide by listening to mere words, or by reading a mere platform. They will decide on the record, the record as it has been written. And in the record is the stark truth...of Republican misrule and inaction.¶ In the 80th Congress's special session, extremist Republicans ultimately blocked votes for Truman's bipartisan reform proposals. Then, as now, the GOP's radical fringe purposely harmed the American economy in service to extreme ideology and privileged interests.¶ GOP Presidential Ticket: Romney/Ryan/Boehner/Cantor/McConnell/DeMint/Akin¶ In his acceptance speech, Truman did not mention Thomas Dewey's name once, nor did he even reference the GOP presidential nominee. Truman knew that the "Do-Nothing" 80th was his real opponent, and ran his 1948 race against the reactionary Republican Congress. ¶ History repeats. Since January 20, 2009, the "top priority" of congressional Republicans has been to defeat Obama by obstructing his economic recovery plans.¶ The 112th Congress earned its 10 percent Gallup approval rating obstructing critical legislation and blocking key appointments. It is analyzed as the most unproductive and ineffective legislative body since Truman's time.¶ By selecting House Budget Chair Paul Ryan as his running mate, the once moderate Mitt Romney embraces the most radical of the congressional Republicans. He adopts their extreme ideology as his own - without reflection or moderation.¶ Integral to moving FORWARD with his campaign, Barack Obama should fully expose the congressional extremists who passionately work against America's economic recovery. ¶ In Charlotte, Obama should tell the "Do-Nothing/Obstruct Everything" 112th Congress to start the serious work of governing by fixing the fiscal cliff. (Click here for a full video of Truman's 1948 Convention speech.)

#### That’s key to *capitalize* on both the *popularity* of *job-creating investments* in transportation infrastructure and the *unpopularity* of *obstruction*

Poole 12 (Isaiah Poole, Campaign for America’s Future, “Jobs Report: Challenge Congress to Act, Obama to Fight,” Nation of Change, 7-7-2012, <http://www.nationofchange.org/jobs-report-challenge-congress-act-obama-fight-1341639797>)

Today's unemployment report from the Bureau of Labor Statistics will be closely watched for its political impact on the presidential race. But it is not the numbers that will be most consequential. What will determine whether President Obama will keep his job in November is whether he steps up his fight for our jobs and whether we as progressives step up our pressure on Congress, particularly the Republicans who have blocked virtually every major effort to revive the Main Street economy.¶ From a political standpoint for the Obama administration as well as for job seekers, the news is bad. The economy produced a total of only 80,000 jobs in June, with 84,000 private sector jobs offset by an additional 4,000 jobs lost in the public sector. Middle-class level jobs in construction and manufacturing showed particularly weak growth. But also, the economy lost more than 5,000 retail jobs.¶ Unemployment among African Americans has creeped up above 14 percent, compared to 7.4 percent among whites; among African-American youth, the official rate is now almost 40 percent. Among Latinos, the unemployment rate is 11 percent; it was 10.3 percent in March and April.¶ Republican presidential candidate Mitt Romney and his surrogates will use today's report to repeat their claims that President Obama's economic agenda has failed. It will be up to Obama to make clear the plain truth that what America has experienced for the past three years has been a diluted and polluted version of the promises Obama made in his campaign and early months in office.¶ As former White House Council of Economic Advisers chairman Laura Tyson wrote earlier this week, "Congress left at least one million jobs on the negotiating table" just in the past year alone, thanks to congressional Republicans who are "holding unemployed workers hostage to the outcome of November’s election."¶ That is almost enough jobs to close the jobs deficit we've been calculating since January, based on the number of jobs the economy would have to create on average each month—about 400,000—to bring the unemployment rate down to 5 percent by the end of 2014. From January to May, the economy created a net 832,000 jobs; to be on pace to meet the 5-percent-in-2014 goal, the economy should have created 2 million jobs.¶ As we've repeated time and again, the corruption of the Obama agenda by the corporatists and anti-government ideologues in both political parties began when the 2009 Recovery Act emerged as a $787 billion program, more than half of which was tax cuts, instead of the more than $1 trillion in additional spending that was needed to begin adequately repairing the damage of the 2008 financial crash.¶ Since then, Republicans have assaulted the economy at every opportunity, forcing an austerity agenda of budget-cutting at the very time that the federal government should have been stepping up its spending in key areas, both to bring our infrastructure up to 21st-century needs and to prevent layoffs of teachers, first responders and other essential public workers by cash-strapped state and local governments. From June 2009 to May 2012, 605,000 state and local public sector jobs were cut. If public sector jobs had instead grown at the same pace as the three previous economic recoveries, there would be an extra 1.2 million jobs, and that level of additional employment would have supported the creation of an additional 500,000 jobs, according to the Economic Policy Institute.¶ When the White House and Democrats in Congress tried several times to pass elements of the American Jobs Act, $450 billion worth of job-creation initiatives, Republicans in the House voted as a solid bloc against the efforts, and Senate Republicans filibustered the legislation. The 2 percentage-point reduction in worker payroll taxes was the only major component that survived. Among the opponents is Romney, who has argued that cutting government spending at all levels is necessary to "help the American people" even though, as Tyson said, the teachers, firemen, and police who are being laid off "are American people who help other American people."¶ Late last month, Congress pat itself on the back for passing a two-year surface transportation funding bill that is at best a status-quo stop-gap, not the kind of bold, game-changing initiative that would give the nation the kind of transportation network that could sustain the economic growth we need. The obstacle in the way was once again House Republicans, who refused to support the longer-term funding commitment needed by state and local transportation planners without numerous "poison pills," including provisions that would have authorized construction of the Keystone XL pipeline without robust environmental review and would have ended federal regulation of hazardous coal waste disposal from power plants.¶ If it were not for congressional Republicans' repeated obstruction or dilution of virtually every significant job-creation proposal sent to Congress since 2009, unemployment today would likely be under 7 percent instead of stubbornly persisting at around 8 percent.¶ But while it is important for President Obama to point fingers at the real villains of this economic travesty and that Romney sides with those villains, that is not enough. As Richard Eskow eloquently writes on our site this morning, "One of the President's greatest failures over the last three and a half years is that he chose to think like a legislator, not a leader. And one of liberalism's greatest failures was allowing so many people to identify with a leader, not with the principles and values that should be a movement's guiding star."¶ In Ohio on Thursday, President Obama correctly noted that this year's presidential election will determine the course of the economy for the next decade. It is not too late for Obama to give the nation a vision based on principles such as those in the "economic manifesto" of economist and New York Times columnist Paul Krugman, declaring that conservative austerity policies will fail in the U.S. just as they are failing miserably in Europe and that part of "betting on America," to use his campaign's latest catchphrase, is to seize today's unique opportunity to double down instead of pulling back on our investment in America and its people.¶ But let's not wait for Obama to lead. We have to push. Start by confronting members of Congress this weekend, before they return to Washington for more right-wing political grandstanding such as "repealing Obamacare," as well as candidates running for Congress. Ask them whether they will take steps to put people to work on the work that needs to be done, or will they push instead for policies designed to enrich the already rich, while imposing austerity on everyone else. It will be up to us to make it clear to every politician, from Obama down to the freshman House candidate, that political reward only lies in support of an authentic middle-class jobs agenda.

#### And, it’s the only way to frame the election as a referendum on *Congress’ record* – key to *translate* popular policies into Congressional seats

Rothenberg 12 (Stuart Rothenberg, editor, Rothenberg Political Report, “Toxic Congress: Dose of Electoral Uncertainty,” Roll Call, 1-20-2012, http://www.rollcall.com/features/Welcome-Back-Congress\_2012/welcome\_back/toxic-congress-dose-of-electoral-uncertainty-211631-1.html)

Earlier this year, a CBS News poll showed Congress’ job approval at 12 percent, while CNN had it at 16 percent in mid-December and Gallup had it at 11 percent at the same time.¶ Given those stunningly low numbers, it isn’t surprising that Democratic strategists figure that running against Congressional Republicans is a way for President Barack Obama to win re-election and for Democrats to retake the House.¶ But, Gallup Editor-in-Chief Frank Newport observed in a September 2011 release, “Americans have never responded very positively when asked to rate Congress.” Newport notes that since his polling firm began asking Americans about Congress, the institution’s average job approval rating has been a mere 34 percent.¶ There have been upticks and even spikes of approval, of course, including shortly after Democrats took control of Congress in 2006, early in Obama’s term and after the attacks of Sept. 11, 2001. But ordinarily, Congress as an institution has been viewed more as a problem than a solution.¶ Still, Congress’ current standing is remarkable for the extent of its unpopularity.¶ For the past few months, more than eight in 10 Americans have disapproved of Congress’ performance, according to recent polling conducted by all of the major national media organizations — a level of dissatisfaction that is far greater than the public’s dissatisfaction with the performance of the president.¶ If Democrats can make the presidential election into a choice between the president, whose job approval is in the mid-40s, and House Republicans, with a job approval hovering around 10 percent, Obama would have a solid chance of winning a second term.¶ Indeed, the president has already begun to sprinkle his speeches liberally with criticisms of Congressional Republicans, portraying them as driven by partisanship and tea party extremism in opposing his agenda. An Obama re-election campaign based on Harry Truman’s successful, come-from-behind model seems likely.¶ And if Democrats can make the fight for the House into a referendum on Congress or, even better, the tea party, they could possibly defeat dozens of GOP incumbents and win more than their expected share of open seats.¶ After all, Gallup found Congress’ job approval sitting at 23 percent in late October 1994, only days before Republicans netted 54 seats and won control of the House that November. Congress’ approval was in the mid-20s when Democrats gained 30 seats and won back the speakership in 2006. And two years ago, when Republicans netted 63 House seats, Congress’ job approval was right around 20 percent.¶ But applying the lessons from 1994, 2006 and 2010 to this year’s elections ignores important differences between those years and the current one.¶ First, those three elections were midterms and each one was more of a referendum on an unpopular president (Bill Clinton, George W. Bush and Obama) than on Congress. The only way for voters to signal their dissatisfaction was to vote against candidates of the president’s party, and in each case that is exactly what voters did.¶ This year, the president is on the ballot, so voters have the opportunity to cast two very different votes. More importantly, Republicans will have their own nominee for president, who will be articulating his agenda and comparing his abilities and vision with the president’s.¶ When October rolls around, voters are likely to compare Obama to the GOP nominee for president, not the president to Speaker John Boehner (R-Ohio) or Congress. ¶ Second, during the elections of 1994, 2006 and 2010, one party controlled the White House and both chambers of Congress, so it was clear who was in control and who was responsible for the condition of the country.¶ This year, Republicans control the House but Democrats control the presidency and the Senate. Each party will be able to blame the other for gridlock and for the nation’s problems.¶ That doesn’t necessarily mean that both parties will share the blame equally, but it makes it difficult for Democrats to blame Boehner and his House GOP colleagues, especially because voters tend to give the president credit or blame when they are assigning it.¶ Congress’ poor ratings inevitably raise the possibility of an “anti-¶ incumbent election.”¶ I have written entire columns over the years noting that we don’t have ¶ “anti-incumbent elections” — where large numbers of incumbents of both parties lose re-election. Normally, one party or the other suffers the bulk of the losses because voters tend to blame one political party for their dissatisfaction.¶ Of course, we are in a time when political rules seem to break more easily, so the combination of Congress’ historically low approval ratings and redistricting (forcing incumbents to run in new territory) could produce a large number of primary and general election defeats.¶ One of the problems with trying to translate Congress’ unpopularity into votes against incumbents is that polls present a mixed message.¶ An Aug. 5-7 CNN poll of adults found that only 41 percent of those polled said that their Member of Congress deserves re-election, while 49 percent said that their Representative does not.¶ “The 41 percent, in the polling world, is an amazing figure,” CNN polling director Keating Holland said in an article on the cable network’s website.¶ But almost at the same time, Aug. 4-7, a Gallup Poll of registered voters found 54 percent of respondents saying that the Representative in their district “deserves to be re-elected,” while only 34 percent said that their Representative did not deserve to be re-elected.¶ Finally, and possibly even more important, it’s also far from clear where voters place blame for Congress’ failures.¶ Republicans who disapprove of Congress’ performance may simply blame Democrats, while Democrats blame Republicans. If that is what happens, there is no reason for those partisans to change their voting behavior in 2012 even though they both disapprove of Congress’ performance.¶ In that case, the creation of an anti-incumbent or anti-Congress wave would depend on independents voting almost unanimously against one party. But unable to blame a single party in control of both Congress and the White House, they are likely to be conflicted. And if they do blame one of the political parties disproportionately, it’s more likely to be the president’s, not the Speaker’s.¶ Congresps is more unpopular than it has ever been. That’s certainly reason to watch for the possibility of unusually large Congressional defeats and to entertain the possibility that Obama can win re-election, in part, by contrasting his performance with Congress’. Just don’t bet on it.

#### This is the *only* strategy which can win over *working-class whites* – specifically key to post-election agenda

Teixeira 8-21 (Ruy Teixeira, “Obama’s White Working Class Problem, and Ours,” The New Republic, 8-21-2012, http://www.tnr.com/blog/electionate/106370/obama-isnt-the-only-candidate-whos-got-problems-the-white-working-class)

As has been widely noted, Obama’s weakest voter group by far is the white working class. That is true today as it was true in the 2008 election, when Obama lost white working class voters by 18 points, but white college graduates by only 4 points. (The closer you look at the numbers from 2008, the starker Obama’s problem with this demographic reveals itself to be: It is true, for example, that the white union vote overall was slightly Democratic (52-47), but that figure conceals that fact that Obama actually lost the unionized white working class (46-52) while carrying unionized white college graduates by a solid 58-41.)¶ Huge deficits among these same voters routed the Democrats in 2010. And Obama appears to be weaker among this group today than he was back in 2008. Yet Obama is running ahead consistently in the national and swing state polls. Why is the Obama coalition not yet succumbing to its clear Achilles’ heel?¶ There are two reasons. The first is that the rest of Obama’s coalition has held up so well. The minority vote looks rock solid for Obama, coming very close to the 80 percent support level he received in 2008. This is due to overwhelming backing from black voters plus support among Hispanic voters that meets or exceeds 2008 levels. In addition, judging from eligible voter trends, minorities should be a larger share of voters in 2012 than 2008. Also, Obama may have actually gained ground among college-educated whites. In Pew polls, this group is averaging around a 2 point deficit for Obama, compared to 4 points in 2008.¶ This gives Obama a considerable buffer against expected weakness among white noncollege voters. Indeed, if the minority and white college-educated vote hold up as well in November as they have in recent polling, Romney needs to generate a huge margin among white working class voters to have a decent chance of winning—closer to the 30 points Congressional Republicans won this group by in 2010 than the 18 point margin received by John McCain in 2008.¶ That brings us to the other reason Obama has been ahead so consistently in the polls. Romney has not been remotely close to that level of support among white working class voters. He’s been averaging around the same margin McCain received in ‘08 with occasional readings as high as 23 points. Even the latter margin is far off what he will need to win, given the size and leanings of the rest of the electorate.¶ The same story can be seen in swing states. Obama is typically holding his minority support and doing as well as or better than he did in 2008 among white college graduate voters, while Romney is conspicuously failing to generate the gaudy margins he needs among white working class voters to carry these states.¶ Why hasn’t Romney been able to do better among these voters, given that they are Obama’s greatest weakness, that they surged toward the GOP in 2010 and that are surely impacted by the continued bad economy? One reason is that the economy, while still poor, has gotten better and that may have taken the edge off of these voters’ anger. Another is that Romney himself, by dint of both his awkward personality and background as a private equity tycoon, is a less than ideal messenger to these voters, as the Obama campaign has so successfully emphasized in their negative ads. He had trouble connecting to white working class voters within the Republican primary electorate and those difficulties have carried over to the general election context.¶ Surprisingly, Romney has now selected Paul Ryan as his running mate which seems unlikely to enhance his standing with these voters. White working class voters may not have warm feelings about government and they do tend to favor the general idea of cutting government spending. But that does not mean they support the specific steps Ryan has called for in his budget documents. They are particularly leery of his proposal to transform Medicare. In a March United Technologies/National Journal Congressional Connection poll, respondents were given two options for the program: “Medicare should be changed to a system where the government provides seniors with a fixed sum of money they could use either to purchase private health insurance or to pay the cost of remaining in the current Medicare program;” or “Medicare should continue as it is today, with the government providing health insurance and paying doctors and hospitals directly for the services they provide to seniors.” Among non-college whites, 63 percent said they preferred the current system, compared to only 26 percent who backed Ryan’s approach. It seems unlikely that accusing Obama of being soft on welfare, as the Romney campaign has done, will be able to counter these negative sentiments about transforming Medicare.¶ So Obama seems well-positioned to keep his deficit among working class whites down to a level compatible with his re-election. Does that mean he has solved his greatest political problem? No, most obviously because the election is still two and a half months away and it is possible his position among this group might deteriorate in the intervening period.¶ Less obvious, but just as important, even if Obama keeps his deficit among white working class voters low enough to get re-elected--and “low enough” can mean 20 or even 25 points—he will still confront the lack of support that deficit represents. That lack of support will cripple his efforts to enact an ambitious agenda that involves investment in infrastructure, promoting the transition to clean energy and upgrading the educational system with significant spending frontloaded to jumpstart economic growth. As long as white working class voters resist this level of activist government, Obama and the Democrats will be deprived of the stable majority support they need around the country and within Congress to implement such programs. They will have what I call “the Krugman problem.” That is, there will be no overlap between the set of policies that seem politically feasible and the set of policies that might actually work (i.e., promote growth and reduce unemployment).¶ The only way out of the Krugman problem for Obama is to develop some real support among the white working class for an activist agenda. These voters have to see a positive future for themselves in this agenda, a vision that jolts them out of their current despair about their economic trajectory and that of their children. They are, as journalist Ron Brownstein has dubbed them, “the most pessimistic group in America.” Until Obama can turn some of that pessimism into optimism, his greatest political problem, even he gets re-elected, will continue to be the white working class.

#### That’s key to sustain foreign policy *effectiveness* – prevents multiple scenarios for escalating global instability and conflict

Flournoy 9-4 (Michèle A. Flournoy, former undersecretary of defense for policy, “Sustaining American Leadership Abroad,” in A Symposium: Democratic Advice for Obama's Second Term, The Wall Street Journal, 9-4-2012, <http://online.wsj.com/article/SB10000872396390444914904577619742199611900.html>)

In a second term, President Obama should double down on the big national security bets he made in his first term.¶ He should continue to pursue a policy of international engagement to sustain U.S. global leadership and strengthen our alliances and partnerships. From day one, this president understood that real leadership in the 21st century is about catalyzing effective international action in response to shared challenges. He has exercised that leadership repeatedly, from NATO's intervention in Libya to the 49-nation coalition fighting alongside us in Afghanistan.¶ A re-elected President Obama should continue his laser-like focus on disrupting, dismantling and defeating al Qaeda and denying it safe haven in places like Afghanistan, Pakistan and Yemen. From the raid that killed Osama bin Laden to continuing strikes, U.S. pressure has decimated al Qaeda's leadership, forcing them to focus more on their own survival than on plots against us. This strategy, along with building the capabilities of key counterterrorism partners (such as Yemen, Pakistan and the Philippines) and reducing the risk of "loose WMD," should continue until al Qaeda no longer threatens America.¶ The president should also implement the transition and drawdown in Afghanistan as planned, while continuing to press for an inclusive, Afghan-led political process to end the conflict. Although recent incidents involving Afghan trainees attacking their NATO trainers are certainly cause for concern, overall plans remain on track to transfer security responsibility to the Afghans in 2014 and bring more than a decade of war to a responsible end.¶ The president should continue his strategic rebalancing toward the Asian-Pacific region. No other part of the world will have more impact on America's prosperity in the coming decades. As the power dynamics in the region shift with the rise of China and India, the U.S. has a critical role to play in maintaining stability and underwriting an international order in which disputes are resolved without the use of force, human rights are protected, and trade and commerce flow freely.¶ Even as we focus more on Asia, the U.S. must remain fully engaged in the vital yet volatile Middle East in order to prevent Iran's acquisition of nuclear weapons, safeguard Israel's security, and support long-term stability by encouraging the reforms that the people of the region deserve.¶ To be successful, however, he will need bipartisan cooperation from Congress. It is imperative that we move beyond the political paralysis that has fed a false and dangerous narrative of U.S. decline abroad and has kept our nation from making the investments necessary to accelerate job creation and economic growth. Ultimately, any president's ability to lead and to safeguard our national security will depend on our ability to forge a postelection consensus on a pragmatic way forward here at home.

#### Effective leadership provides a vital *political* filter to the *probability* AND *magnitude* of all transnational threats and scenarios for conflict

Hirsh 11 (Michael Hirsh, former foreign editor and chief correspondent for Newsweek, “The End of the American Interlude,” http://www.nationaljournal.com/magazine/the-end-of-the-american-interlude-20111215)

Welcome to the future. What we are witnessing, at G-20 meetings and elsewhere, is the emergence of a leaderless world that is dangerously adrift. Often foretold in books such as Niall Ferguson’s Civilization: The West and the Rest, the phenomenon is now occurring on the ground. And not just in the economic realm: NATO’s recent intervention in Libya was the alliance’s first major military effort conceived and led by Europeans. Meanwhile, troops are leaving Iraq, the last large-scale unilateral exercise of American hard power that the world is likely to see for a long time, if ever again. A campaign that began wishfully as “shock and awe,” a demonstration of America’s righteous might, had little impact abroad. (The Arab Spring took inspiration from a self-immolating fruit seller, not a democratically elected Iraqi parliament.) The United States remains, technically, the world’s only superpower. But in the past decade, we have spent trillions of dollars deploying this vast military superiority—and to what end? Neither Iraq nor Afghanistan offers a clear victory.¶ Mostly what has been achieved, it seems, is to expose our economic and military vulnerabilities. The success of insurgents in both countries demystified U.S. power in the eyes of the world. “Whatever Washington thought it wanted when it invaded Iraq in 2003, it was not the establishment of Shia religious parties with links to Iran in power in Baghdad,” wrote one British critic, Patrick Cockburn of The Independent, this month. “Similarly, in Afghanistan, a surge in U.S. troop numbers and the expenditure of $100 billion a year has not led to the defeat of 25,000 mostly untrained Taliban fighters,” he wrote. “Great powers depend on a reputation for invincibility and are wise not to put this too often to the test. The British Empire never quite recovered in the eyes of the world from the gargantuan effort it had to make to defeat a few tens of thousand Boer farmers.”¶ The problem is much bigger than the United States. If Washington is no longer the agenda-setter it once was, can a leaderless world continue to enjoy peace and stability? Can the “international system” as we know it today survive without its father in the driver’s seat? The question is as important for America’s future as, say, détente versus confrontation was during the Cold War, or isolationism versus engagement during the rise of fascism. “I don’t know how this is going to play out over time,” says a senior U.S. official who helps direct the U.S. agenda at G-20 meetings. “The Europeans have quite adroitly used the relative international diminution of stature of the U.S. in this crisis as way to get themselves back in the driver’s seat.” But Europe has its own existential crisis, which means that it, too, is unlikely to lead.¶ If history is any guide, a global system of open trade and peaceful relations cannot survive under such conditions. Through most of recorded history, and in every region of the globe, an international power vacuum has meant a ruthless jostling for military might, empire- and alliance-building, and sometimes worse. The fall of Rome ushered in the Dark Ages. The Congress of Vienna that imposed European order after the Napoleonic wars broke down in terrible conflicts by the late 19th century. The end of European empire precipitated World War I.¶ The G-20 was created in 1999 and ignored for a decade. It won a battlefield promotion during the financial crisis. ¶ Some experts, such as Princeton University’s John Ikenberry in his new book Liberal Leviathan, argue that institutions like the United Nations and the World Trade Organization—and the overall benefits of trade, democracy, and openness—are now so well entrenched that the global system can prevail on its own. In rebuttal, political “realists” cite the overnight demise of the pre-World War I era of globalization, a halcyon period of free trade that had seemed almost as promising as today’s U.S.-designed system. The skeptics point to catastrophically wrong predictions like that of Norman Angell, whose 1911 book, The Great Illusion, argued that economic interdependence would prevent another major war.¶ Indeed, a similar breakdown of international order might already have occurred if Washington had reverted to its traditional isolationism after World War II. A resurgent Japan might have become a nuclear power and competed against China for regional hegemony. Europe would have devolved into age-old wars and rivalries. Lacking the annealing structure of the postwar Atlantic alliance, the Continent might never have achieved monetary union. Russia would have bid for Eurasian dominance, as it has since the 17th century. Most important of all, the trading system, which the United States virtually reinvented after World War II, would almost certainly have broken down, killing globalization in its infancy, reinforcing all the above developments. A major war of some kind would have been much more likely—and, despite the nuclear era, it might not have remained cold.¶ SIGNS OF DECAY¶ Already signs are emerging that, absent American leadership, the seams are unraveling. Recent G-20 outcomes have been close to incoherent: The world’s major governments didn’t just fail to devise a coordinated strategy for avoiding double-dip recession. In Washington and European capitals, they have embraced policies (for varying domestic political reasons) that most economists argue are the opposite of what is needed. They are pursuing austerity, in other words, when the world needs a concerted stimulus. The 50-year effort to strengthen rules for open trade—so integral to global stability since the General Agreement on Tariffs and Trade began in 1947—is also badly adrift; the 10-year-old Doha Round of talks has been at an impasse since negotiations broke down in 2008.¶ In fact, the only real evidence of global economic coordination in recent months has come from unelected central bankers, as seen in the coordinated rate cut of early December. And while Europe’s economic troubles will probably have more impact than any other factor on America’s economic health (and on the 2012 presidential contest), senior U.S. economic officials have found that they possess just one voice among many—and not even a major one—trying to bring the 17 eurozone countries and 27 European Union nations to consensus.¶ America also seems helpless to affect the outcome of the revolutions in Egypt, Syria, Tunisia, and Yemen. At first, these seemed consonant with the spread of democracy that Washington has always favored. But now, if any outside force is shaping events, it’s the autocratic and brutally repressive regime in Saudi Arabia. Why? Because U.S. and European actions are being guided, more and more, by the decisions of the Gulf Cooperation Council and the Arab League, both of which are ever more dominated by the Saudis. As columnist David Ignatius wrote recently in The Washington Post, “Saudi Arabia has increasingly replaced the United States as the key status quo power in the Middle East, a role that seems likely to expand even more in coming years as the Saudis boost their military and economic spending.” And a top Saudi prince recently told U.S. officials that Riyadh wouldn’t depend on U.S. security reassurance in the region, saying that the threat from Iran and Israel means that Saudi Arabia must consider building its own bomb. “They no longer trust us,” says a former senior U.S. official who visited the kingdom in December.¶ Russia, too, is in turmoil, and all the world can do is watch, wait, and hope. Twenty years ago this Christmas, when the Soviet Union (more or less) peacefully disbanded, U.S. economic advisers almost immediately began dispensing advice on what was then called democratic transition, and the Russian elite listened eagerly. Now, nuclear Russia appears on the verge of another revolution, and Vladimir Putin is telling the United States to keep its nose out.¶ Most unnerving of all, perhaps, is the rising global role of China. Beijing could choose to be a rogue power that routinely flouts trade rules, manipulates its currency, and steals intellectual property—leading to an ultimate breakdown of the global trading system. U.S. officials for years have pressed Beijing to become a responsible “stakeholder,” but the Chinese may have no incentive to listen if that system’s very survival is in doubt.¶ These problems will shape the world in which our grandchildren grow up. Yes, the United States has no military rival, even on the horizon. Maybe, 50 years on, the world map won’t look very different. It could be, in other words, a world of occasional wars and political flare-ups, but one where trade and international relations continue largely as they are, especially if the United States and Europe stay on the same page. Or, given today’s rudderless environment and current trends, it could also become a much more violent, uncertain world with rival, duopolistic spheres of influence run by Washington and Beijing. Or it could even become an ugly multipolar world dominated by “the United States of Europe,” Moscow, Washington, and Beijing—one where vicious mercantilist trade and occasional proxy wars (or something far worse) define the contest.¶ THE ESSENTIAL NATION?¶ Great powers typically decline very slowly. It took years before the world realized that Great Britain was an imperial corpse in the mid-20th century, sapped of its strength by two world wars. In 1947, a quick passing of the baton took place. The United States would now fill Britain’s role and become the central, stabilizing power in the West. The rest of the world, perhaps, didn’t realize how lucky it was to have such an orderly and seamless handoff.¶ The Cold War also ended quietly (though many had expected a big bang). For four decades, two ideas of social and political organization waged a titanic battle with apocalypse at stake. Then—on Dec. 25, 1991—Mikhail Gorbachev officially handed over his powers to Boris Yeltsin, and the Soviet Union ended its existence. The United States became, by accession, the world’s “hyperpower,” as French Foreign Minister Hubert Védrine described it at the time, reaching rhetorically for some new level of awesomeness not quite covered by the term “superpower.”¶ The ensuing 20 years at first seemed a time of triumph for the United States. After all, it had so clearly outperformed the Soviets, outspent them, and exposed their system as an ideological and economic fraud. Washington did some things right: Coaxing most of the former Soviet bloc states and allies, and many East Asian nations, into the Western system. But we never developed a new strategy. We tried “democratic enlargement” (Bill Clinton), “assertive multilateralism” (Madeline Albright), “the Bush Doctrine” (don’t ask), and now Obama’s no-doctrine presidency.¶ Instead, this 20-year era has been a kind of lost generation of diplomacy and errant war—a time, mostly, of confusion. No one calls the United States a hyperpower now. Given the paralyzed state of American politics; the indefinite state of indebtedness (especially to China); and the “rise of the rest,” especially China, India, and Brazil, this era is looking more like an interlude. The British maintained their imperial power for two centuries through a savvy (and somewhat ruthless) system of taxes and colonization, but Americans spent recklessly in the service of ideology—both through supply-side-inspired tax cuts and neoconservative pretensions about the projection of American power—and we stopped paying attention to how we were financing it all. Partly as a result, partly because they are enjoying their own success within the system, other nations have stopped taking our advice very seriously. It’s not that the so-called Beijing consensus is replacing the Washington consensus. Instead, there simply is no new consensus out there.¶ One problem we have in sketching out a future course is that no one has really done a good job of defining the present system—in other words, how deeply entrenched the international system is in our world, or how it might differ from the past.¶ Like Princeton’s Ikenberry, I have argued (in a 2003 book, At War With Ourselves: Why America Is Squandering Its Chance to Build a Better World) that the current network tying together markets, governments, and peoples is far broader and deeper than any of its predecessors, including what existed before World War I. Today, for the first time ever, most of the world is democratic, and most nations embrace similar ideas of open-market capitalism. In the security realm, the powers that could cause America the greatest headaches—China and Russia—are motivated to keep at least one foot inside the system because they’re both proud permanent members of the U.N. Security Council.¶ No country, not even would-be rogues such as Iran, has yet found a way around these iron operating laws: In order to be influential or powerful, a nation must be prosperous; in order to be prosperous, it must engage the international system of open trade (rather than conquer territory, as it might once have done); and in order to engage, even countries with dramatically different political and social systems, like America and China, must act according to the set of norms governing trade and conflict (if not yet, sadly, human rights). There seems to be no other choice. So the system has an internal logic that should give it natural life outside of U.S. dominance. As Obama put it on a trip to China in 2009, the American and Chinese economies are so integrated that to disentangle them would mean a kind of “mutual assured destruction.”¶ This is all to the good. But many political scientists insist that American global power remains the essential glue to this system. Charles Kupchan, a former Clinton administration official teaching at Georgetown University, argues that it’s almost impossible to keep the rules of the world system intact without an enforcer that guarantees global security. Until now, that has been American hegemony, not least because the U.S. has used its military dominance to amass scores of allies around the world. But how supportive will those allies be at a time of waning U.S. power, with China and other rising nations buying their own influence?¶ Perhaps no better augury of this future world exists than the G-20 meetings. The Group of 20 was created in 1999 by Europe and Canada and largely ignored for the next decade. But Beijing, which never wanted to join the U.S.-dominated G-8, found a home there because it seemed to be a more level field, with more natural allies among developing countries. “The formation of the G-20 is a Catch-22 of sorts, in the sense that the advanced industrialized nations had to enlarge the circle because the post-World War II order was anachronistic,” Kupchan says. “But when you’ve got 20 countries around the table, that’s a lot of cooks in the kitchen.”¶ Predictably, the G-20 has become a cacophonous convocation with no conclusion. For decades, American leaders at international gatherings have been first among equals. At the United Nations, NATO, and the WTO, Washington has usually enjoyed a baked-in-the-cake dominance, at least in setting the agenda. The president of the United States acted as a kind of informal president of the world—the quarterback of a sort of open-ended global game of nations and interest groups, whether the issue is free trade, geopolitics, or terrorism. This happens less and less. “It’s relatively hard to have a conversation,” the senior U.S. official says. “People take stylized positions that make it tougher to get a consensus agenda.”¶ But the G-20 won a battlefield promotion during the financial crisis of 2008, when government leaders elevated it by common consent to semiannual summit status—because it included China, South Korea, and other important creditor nations—and turned it into the world’s preeminent economic forum, eclipsing the G-8. This unwieldy group came of age amid U.S. weakness and culpability, with Wall Street as the chief culprit in the Great Recession. As a result, U.S. proposals have, if anything, gotten less attention because they emanate from Washington. At Cannes, for example, German Chancellor Angela Merkel quite publicly repudiated the Obama administration’s idea for putting hard bands around trade imbalances. “To set political limits on trade surpluses and deficits is neither economically justified nor politically appropriate,” she said—although a year later Merkel herself would propose, in an effort to save the euro, “political” limits on budgets of the E.U. nations. Not coincidentally, that plan appeared to emerge without any American input at all.¶ DARK FUTURE¶ Of course, some prominent thinkers, including Obama, still dispute the idea of American decline. Like every other president, he calls America the “greatest nation on earth” as blithely as he breathes. Europeans and many East Asians—especially those thinking about the rise of China—say that U.S. power is as essential as it has ever been. Some longtime scholars of the international system, such as former Deputy Secretary of State James Steinberg, say that the United States has staying power. “If you unpack it, the favorable views of the U.S. in Latin America are at historically high levels now,” he says. “Views of the United States in East Asia are extremely high. Views of the United States in Russia and Europe are extremely high, in historical terms.” Although it’s true that a deficit-hampered America is spending a huge amount on defense—more than the rest of the world combined—it may pose no problem. “Our share of global defense spending has risen, but it’s still a very minor share of [gross domestic product] so as long as the economy is growing,” Steinberg says. “The country has sustained dramatically higher defense spending than this. If we’re under 4 percent of GDP for defense spending, that’s sustainable over an indefinite period.”¶ So far, none of the major powers—the European Union, Japan, Russia, even China—has orchestrated a major military buildup in a bid for global power. Scholars going back to Thucydides argue that economic power inevitably tries to convert to influence on the world stage. So theoretically, countries like China, Japan, and new hybrid structures like the E.U. should be trying to convert their economic strength into military and strategic power. They all occasionally make noises about doing so, but their defense spending has remained steady and, even in China, not terribly aggressive. All of this has helped the global system survive terrorist attacks (which didn’t provoke a clash of civilizations) and a slew of financial crises (which didn’t herald the return of protectionism).¶ But the United States will find it extremely difficult to exercise its military dominance in the future, whether in counterinsurgency wars or more-traditional ones. Inside the Pentagon, officials are debating how to handle the rise of China, and the focus is shifting from Army-led counterinsurgency toward an Air Force and Navy kind of war-fighting strategy called “AirSea Battle.” The United States is not likely to ever again be as dominant as it was during the brief period of “smart bombs,” when the world stood in awe: Long-range and precision missiles are being commoditized, and the Chinese are developing their own. U.S. strategists, in response, are refining a doctrine of “assured access” to East Asia that means Americans would have to take the fight, in a hypothetical war, farther and farther inland in China to prevent those long-range missiles from being used. But critics say that’s an impossible task, especially with the budget knife now hitting the Pentagon. It is a standoff that could leave the world, again, without a clear leader or even a stable balance of power.¶ Meanwhile, China is throwing its weight around Asia, seeking to strong-arm Australia and Southeast Asian nations into alignment on geopolitical issues. Russia bullies members of the old Soviet sphere by punishing them with gas shutoffs or by supporting pro-Russian separatists inside their borders. In the Middle East, U.S. power is declining more rapidly than in other places, inspiring countries such as Saudi Arabia and Iran, vying for influence with Israel, to develop their own nuclear weapons. In an environment with no strong leadership on global trade and integration—where mistrust and new destabilizers such as cyberwarfare are rising—conflict is much more likely.

#### Our impact is reverse causal – effective leadership controls all conflict escalation

Kagan 12 (Robert Kagan, M.A. Harvard University, Ph.D. American University, *The World America Made*, p.65-68, 2-7-2012, googlebook)

The unusual combination of vast power and remarkable global acceptance of that power is the main factor that has deterred great-power war. We are dazzled by democratization, globalization, and interdependence, and believe these are the new developments that have made our world so different. But these trends have been ebbing and flowing for more than a century, and they have not prevented catastrophic wars in the past and cannot be relied upon in the future. The much-vaunted democratic peace theory would be more persuasive if the great powers were, in fact, all democracies. It could explain why Germany and France have not gone to war, but it does not explain why China and Russia, two great-power autocracies, have yet to become involved in conflicts with other great powers. Economic interdependence did not prevent two world wars in the twentieth century, and even today great powers cannot be relied upon to base all decisions of peace and war on economic considerations. One could imagine China attacking an independence-minded Taiwan despite the possible economic consequences. The American wars in Iraq and Afghanistan have not exactly been a boon to the American economy. Neither men nor nations live by bread alone. Nationalism, honor, fear, and other human emotions, as well as calculations of power, shape the behavior of nations just as they shape the behavior of the people who inhabit nations. The common view that there can be no wars for territory, because territory no longer matters in this digitalized age of economic interdependence, is also questionable. One only has to look at the military deployments of nations like China, Russia, India, and Pakistan to see that, to them, territory matters very much indeed. China insists that restoring and preserving its “territorial integrity”—including Tibet, Hong Kong, and Taiwan—are a “core interest,” as is control of the mineral resources and shipping lanes of the South China Sea. Wars have been fought, and could be fought again, over the disputed border between India and China at Arunachal Pradesh, between India and Pakistan in Kashmir, and over the territorial boundaries of Georgia. Russian claims to the Crimea in Ukraine and in the Arctic will likely be subjects of dispute in the future. The question of an independent Kurdistan embroils Iraq, Turkey, and Syria in territorial disputes. And of course there is the territorial dispute between Israel and Palestine, which has led to four wars in the past and may do so again. Can we place our faith in nuclear weapons to keep the peace among great powers? There are those who think so, and some have even suggested arming all nations in the world with nuclear weapons as a way of guaranteeing world peace. But the “nuclear peace” would seem even less reliable than the “democratic peace.” It is possible to imagine two nuclear powers fighting a strictly conventional war. In fact, it is precisely such a war that both China and the United States are spending hundreds of billions of dollars preparing for. India and Pakistan daily prepare for conventional war over Kashmir, despite their nuclear arsenals. In the seventeenth, eighteenth, and nineteenth centuries, great powers fought many limited wars for limited ends without seeking each other’s annihilation. Nor is the horror of nuclear weapons a sufficiently reliable guarantee against their use. During the Cold War world leaders spoke more often about the possibility of nuclear war than we may care to remember. The revered George C. Marshall spoke of how important it was that the Soviets understand “that the United States would really use the atomic bomb against them in the event of war.”58 Near the end of the Korean War, Dwight Eisenhower explicitly warned the Chinese that he would not be “limited by any world-wide gentleman’s agreement” regarding the use of nuclear weapons, and he commented to his own advisers that a large concentration of Chinese troops made “a good target for this type. And peoples have become socialized to love peace and hate war, then the nations of the world would be systematically disarming. But they are not, only Europe is disarming. The United States, China, India, Russia and Japan as well as lesser powers including Brazil, Iran and Turkey are still willing to pay large amounts of money to prepare themselves for war. What deters them from using those weapons against one another is not conscience or commerce but a distribution of power in the world that makes success highly unlikely. Were he distribution of power to change, were there to be a genuine shift in the balance of power towards greater equality, then these great and rising powers might pursue more ambitious policies because war would be a more viable option.

#### There’s no alternative – foreign policy leadership determines effectiveness

Wyne 10-16 (Ali Wyne, researcher at Harvard University’s Belfer Center for Science and International Affairs, “The Next President’s Foreign Policy,” Big Think, 10-16-2012, http://bigthink.com/power-games/the-next-presidents-foreign-policy)

In the run-up to their third and final debate on October 22nd, the theme of which is foreign policy, President Obama and Governor Romney will likely attempt to portray themselves as strong leaders who’re deeply committed to American exceptionalism and preeminence. November 6th, however, shouldn’t be a referendum on which candidate is better suited to reversing the decline that America’s alleged to have suffered in recent years; instead, it should be seen as an opportunity to ask which one has a better grasp of how the global strategic balance is shifting. ¶ Come January 20, 2013, the next president—whether a second-term Obama or a first-term Romney—will face a complex set of realities abroad, three of which merit special attention: (1) while the costs of and threats to sustaining U.S. leadership in the world are growing rapidly, there isn’t a credible alternative; (2) the impact of U.S. military power on geopolitics, while important, will continue to diminish; and, (3) largely because of social media, seemingly small, isolated incidents such as the self-immolation of a young fruit vendor or the posting of an amateurish YouTube video will be capable of rapidly, if not immediately, reshaping America’s relationships and priorities.¶ The next president must accordingly demonstrate creativity—to strengthen America’s ability to lead amidst an anemic economy at home and power shifts abroad—realism—about the limits to U.S. influence—and judiciousness—to ensure that America can respond to disturbances that go “viral” without losing sight of its vital national interests. A foreign policy that embodies those virtues is more likely to cement an enduring leadership role for America in international affairs than a vague commitment to keeping it “number one” at all costs.¶ As for grading the next president’s foreign policy, Daniel Byman offers this important food for thought:¶ Americans like to think that all problems can be solved and that, if they aren’t, incompetence or malfeasance is to blame. Often, however, the challenge is overwhelming and U.S. influence is limited. The problem is not that Democrats are wimps, that Republicans are warmongers or that Washington’s halls of power are filled with the greedy and the hapless, but rather that few foreign policy problems can truly be solved. Most can at best be managed, and just getting by is often the best we can do. This should be the standard by which the foreign policy of the next administration is measured.