## P3s

**The counterplans’ possibility for modifications are key to solving, explicitly conditioning the Plan on private lenders ensures accountability**

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In principle, the most important issue from an accountability point of view is the actual decision on whether to undertake the investment in a megaproiect or not. Given that the size of the investment is in the¶ multibillion-dollar range and that the uncertainties involved are substan-¶ tial, it seems self-evident that it must be possible to hold accountable¶ those who take the decision. Experience from Great Belt, Oresund and other projects shows that government in itself is not sufficiently effective¶ when it comes to enforcing accountability with respect to specific issues such as decisions on major infrastructure investments (see Chapters 2-4). A more effective way of achieving this is, in our judgement, to let the decision to go ahead with a project - given that the project satisfies agreed public interest objectives - be conditioned by the willingness of private financiers to participate in the project without a sovereign guarantee. This means that at least part of the capital, which will have to be mobilised¶ for a given project, should be genuine risk capital. In other words, only if this risk capital can be mobilised will the project be built. By requiring that a substantial commitment in the form of risk capital is made, the ordinary citizen will not be required to carry any, or only limited, risks. The common practice, followed at Oresund and Great Belt, of transferring the costs of risk to those who are in the weakest position to protect¶ themselves is thereby, if not eliminated, at least significantly reduced.22

#### 70 years of Transportation infrastructure proves – failure to establish performance measures before ENSURSES the plan will be a cost-overrun – Cost underestimation will not stop unless it comes with a consequence

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Figure 3 shows a plot of the differences between actual and estimated costs against year of decision to build for the 111 projects in the sample for which these data are available. The diagram does not seem to indicate an effect from time on cost underestimation. Statistical analyses corroborate this impression. The null hypothe- sis that year of decision has no effect on the difference between actual and estimated costs cannot be rejected (p=0.22, F-test). A test using year of completion instead of year of decision (with data for 246 projects) gives a similar result (p=0.28, F-test). We therefore conclude that cost underestimation has not decreased over time. Underestimation today is in the same order of magnitude as it was 10, 30, and 70 years ago. If techniques and skills for estimating and forecasting costs of transportation infrastructure pro- jects have improved over time, this does not show in the data. No learning seems to take place in this important and highly costly sector of public and private decision making. This seems strange and invites speculation that the persistent existence over time, location, and project type of significant and widespread cost underestimation is a sign that an equilibrium has been reached: Strong incentives and weak disincentives for underestimation may have taught project promoters what there is to learn, namely, that cost underestimation pays off. If this is the case, underestimation must be expected and it must be expected to be intentional. We examine such speculation below. Before doing so, we compare cost un- derestimation in transportation projects with that in other projects.

#### Privatization solves the aff – Previous Canadian action proves its successful

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Air traffic control should be removed from the federal budget, and the ATC system should be set up as a stand-alone and self-funded agency or private company. Many nations have moved towards such a commercialized ATC structure, and the results have been very positive with regard to efficiency and safety. Canada's reform in the 1990s to create a private nonprofit ATC corporation is a good model for the United States to follow. U.S. ATC is currently overseen by the Federal Aviation Administration, which has serious funding problems and a poor record on implementing new technologies. Moving to a Canadian-style ATC system would help solve these problems and allow our aviation infrastructure to meet rising aviation demand.

#### Privatizing air traffic control solves best

Edwards 09 – director of tax policy studies at the Cato Institute (Chris, “Privatization.” http://www.downsizinggovernment.org/privatization)

Governments on every continent have sold off state-owned assets to private investors in recent decades. Airports, railroads, energy utilities, and many other assets have been privatized. The privatization revolution has overthrown the belief widely held in the 20th century that governments should own the most important industries in the economy. Privatization has generally led to reduced costs, higher-quality services, and increased innovation in formerly moribund government industries. The presumption that government should own industry was challenged in the 1980s by British Prime Minister Margaret Thatcher and by President Ronald Reagan. But while Thatcher made enormous reforms in Britain, only a few major federal assets have been privatized in this country. Conrail, a freight railroad, was privatized in 1987 for $1.7 billion. The Alaska Power Administration was privatized in 1996. The federal helium reserve was privatized in 1996 for $1.8 billion. The Elk Hills Petroleum Reserve was sold in 1997 for $3.7 billion. The U.S. Enrichment Corporation, which provides enriched uranium to the nuclear industry, was privatized in 1998 for $3.1 billion. There remain many federal assets that should be privatized, including businesses such as Amtrak and infrastructure such as the air traffic control system. The government also holds billions of dollars of real estate that should be sold. The benefits to the federal budget of privatization would be modest, but the benefits to the economy would be large as newly private businesses would innovate and improve their performance. The Office of Management and Budget has calculated that about half of all federal employees perform tasks that are not "inherently governmental." The Bush administration had attempted to contract some of those activities to outside vendors, but such "competitive sourcing" is not privatization. Privatization makes an activity entirely private, taking it completely off of the government's books. That allows for greater innovation and prevents corruption, which is a serious pitfall of government contracting. Privatization of federal assets makes sense for many reasons. First, sales of federal assets would cut the budget deficit. Second, privatization would reduce the responsibilities of the government so that policymakers could better focus on their core responsibilities, such as national security. Third, there is vast foreign privatization experience that could be drawn on in pursuing U.S. reforms. Fourth, privatization would spur economic growth by opening new markets to entrepreneurs. For example, repeal of the postal monopoly could bring major innovation to the mail industry, just as the 1980s' breakup of AT&T brought innovation to the telecommunications industry. Some policymakers think that certain activities, such as air traffic control, are "too important" to leave to the private sector. But the reality is just the opposite. The government has shown itself to be a failure at providing efficiency and high quality in services such as air traffic control. Such industries are too important to miss out on the innovations that private entrepreneurs could bring to them.

### Data Cooking

#### Cost overruns lead to misallocation of resources and destabilization of policy planning

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Cost overruns and benefit shortfalls of the frequency and size described above are a problem for the following reasons: They lead to a Pareto-inefficient allocation of resources, i.e. waste. They lead to delays and further cost overruns and benefit shortfalls. They destabilize policy, planning, implementation, and operations of projects. The problem is getting bigger, because projects get bigger. Let’s consider each point in turn. First, and argument often heard in the planning of large infrastructure projects is that cost and benefit forecasts at the planning stage may be wrong, but if one assumes that forecasts are wrong by the same margin across projects, cost-benefit analysis would still identify the best projects for implementation. The ranking of projects would not be affected by the forecasting errors, according to this argument. However, the large standard deviations show in tables 1 and 2 falsify this argument. However, the large standard deviations shown in tables 1 and 2 falsify this argument. The standard deviations show that cost and benefit estimates are not wrong by the same margin across projects; errors vary extensively and this will affect the ranking of projects. Thus we see that misinformation about costs and benefits at the planning stage is likely to lead to Pareto-inefficiency, because in terms of standard cost-benefit analysis decision makers are likely to implement inferior projects.

#### Benefit shortfalls grow in projects - threatens economic collapse

Flyvbjerg, 05 - Professor of Major Programme Management at Oxford University's Saïd Business School and is Founding Director of the University's BT Centre for Major Programme Management, winner of the Fulbright Scholarship, (Bent, “Policy and planning for large infrastructure : projects problems, causes, and cures, World Bank Publications” January 2005, Google Scholar)

Finally, as projects grow bigger, the problems with cost overruns and benefit shortfalls also grow biggerand more consequential (Flyvbjerg, Holm, and Buhl, 2004: 12). Some megaprojects are becoming so large in relation to national economies that cost overrunsand benefit shortfalls from even a single project may destabilize the finances of a whole country or region. This occurred when thebillion-dollar cost overrun on the 2004 Athens Olympics affected the credit rating of Greece and when benefit shortfalls hit Hong Kong’s new $20 billion Chek Lap Kok airport after it openedin 1998. The desire to avoid national fiscal distress has recently become an important driver in attempts at reforming the planning of large infrastructure projects, as we will see later.