

InfrastructureUSA

Guest on THE INFRA BLOG

Hon. Edward G. Rendell, former Governor of Pennsylvania & Co-Chair of Building America's Future

Steven C.F. Anderson, Managing Director, InfrastructureUSA, spoke with Hon. Edward G. Rendell at *Banking on the Future*, a conference presented by Manhattan Borough President Scott M. Stringer, in cooperation with Bernard L. Schwartz, Congressman Steve Israel and the Steven L. Newman Real Estate Institute. The event took place on March 14th, at the William and Anita Newman Conference Center, Baruch College, City University of New York

Edward G. Rendell:

We need to create infra “buzz”

We're not going to win this battle to get adequate infrastructure spending inside the beltway. There are just too many political forces working against us. We need the public to say to our elected officials, “It's OK to spend money on infrastructure. We get it. It's an investment. It's an investment in our future and it creates jobs, so we're authorizing you to do that.” How do we do that? We've got to wake up the public, and we've got to have, I think, a very strong PR campaign around the country telling people what's at stake and telling them that there is a viable answer. Terry O'Sullivan, who is the wonderful President of the International Laborers Union, Terry sponsored, just with their funds, billboards in four states—I think Pennsylvania was the fourth state. They put up a billboard, as you're about to cross a bridge that was declared structurally deficient, and the billboard says, “The bridge you are about to cross is structurally deficient. Contact Congressman Smith” and it gives us Congressman Smith's number. That's good; it's a little scary, but it catches the attention of people. What Terry told us at a conference that Building America's Future held—Terry told us he wanted to put up a second billboard on the other side of the bridge, saying “Glad you made it.” If he had done that, it would have created enough buzz—just enough buzz around the country—it would have been like “Swift Boat.” Do you know how much they spent on actually buying time for the “Swift Boat” to be shown? Less than a million dollars, and yet every media outlet in the country talked about it. Well, if you had a “Glad you made it” campaign, every media outlet in the country would be talking about that campaign. So we need to create a buzz. We need to speak about this at rotary lunches and Elks' Club dinners, at synagogue, at men's club Sundays, all over back in our hometowns in America. We've got to find a way to do this.

Both parties working together for infra

Tomorrow, I'm flying through to Oklahoma city to speak to the Oklahoma Trust Dinner, and that's their transportation group. The reason I'm doing that is, one, because I do speaking around the country, and two, because Jim Inhofe, a conservative Senator—very conservative—from Oklahoma, still is one of the good proponents for infrastructure. In fact, Senator Inhofe has said at a hearing that I was at, he said to me on the record that he thought infrastructure was the second most important thing the government could spend money on behind defense. He and I have authored an op-ed piece for *Politico*. He is a strong advocate—in fact, Barbara Boxer, one of the most liberal members of the Senate, Jim Inhofe, one of the most conservative, together they sponsored an amendment to the original stimulus bill to triple the amount of infrastructure spending. That would have been a good idea. Unfortunately, the administration beat it back.

Reducing the deficit AND creating jobs

This push for infrastructure is playing out two countervailing trends. Trend number one is not good for infrastructure, and that's because there's so much emphasis on cutting spending and reducing the deficit. That hurts us, unless you buy into, as I do, the President's theory that we have to keep investing as we're reducing the deficit. He's dead right, but that's not something that's a widely held view at this point. But the second trend is something that really helps the push for infrastructure, and that is that with all the talk about the deficit, only seventeen to eighteen percent of Americans list that as their number one concern. Seventy percent list jobs as their number one concern—more than three-and-a-half to one—and there's no better job producer of well paying jobs that can't be outsourced than infrastructure investment.

Cut military spending, create jobs with infra investment

Let's go to nirvana. Nirvana is that the federal government develops, for the first time, a capital budget, and you'd have to change the Budget Act the way that OMB and CBO score. Let's assume they do; we develop a federal budget. Let's assume we realize we have a three trillion dollar infrastructure gap—and that's what it is, particularly if you're going to do high-speed rail: three trillion dollars. That would cost about 280 billion dollars a year in debt service. Now, 280 billion dollars, people say, "Wow, how are you going to be able to afford that?" Well, I have two words for you: "Iraq" and "Afghanistan." We need to be out of both wars, and I mean fully out. Not just what they say we're spending, but what we're spending on private contractors, etc, repairing the Iraqi infrastructure, the Afghani infrastructure. That's easily 280 billion dollars a year. Spend that over the next ten years, and we could develop a first class infrastructure in this country and do something that would have an incredibly positive effect on the economy. That type of spending would create millions of new jobs—maybe over ten million new jobs—number one. Number two, those jobs are not just on the construction

sites, but they're back at the factories. I remember when we did the stimulus, we tracked stimulus in Pennsylvania, and the first year of stimulus, 2009, was actually ten months. In those ten months, orders for steel, asphalt and concrete in Pennsylvania were somewhere between forty and fifty-five percent higher than they were the previous year in twelve months. So, we were not just creating jobs on the bridge-side or the road-side, we were creating jobs back at steel factories and concrete factories and asphalt factories and aggregate factories and timber factories. That's the key—and these are great well-paying jobs that pay 50, 60, 70, 75, 80 thousand dollars, and they can't be outsourced. There is an answer to this. It's just a question of whether we, as a country, have the will to go out and do this.

Infra is not as expensive as it seems

It's also not quite as expensive as it seems. 280 billion dollars a year: OK, let's look at that. The analysts say that infrastructure spending—if you spend a billion dollars on infrastructure you create something between 25 and 45 thousand new jobs. Let's low-ball. Let's say we create 20 thousand new jobs. Now, 280 billion times 20 thousand, that's almost 6 million new jobs from this alone. Now those 6 million people are working that weren't working before. Let's say they average 55-60 thousand and you're taxing them at 28 percent. By the time we're finished with the taxes and the corporate taxes, we offset that 280 billion dollars of spending with about 110 billion dollars of additional federal taxes, so all of a sudden we're not spending 280 billion dollars a year, we're spending 170 billion dollars a year. We don't count that way, but we should.

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