

InfrastructureUSA

Guest on THE INFRA BLOG

Edward G. Rendell, Former Governor of Pennsylvania and Co-Founder of Building America's Future (BAF)

Conversation with Steve Anderson, Managing Director, InfrastructureUSA

The Federal Government Has Given Up on Infrastructure

It's better that they passed a bill than continually have 3-month or 4-month patches. That's the good thing I can say about it. The bad thing is I think we are absolutely giving up a significant federal role in infrastructure, and this is highways and roads. We're not even talking about water and wastewater systems. We're not even talking about dams. We're not talking about airports. There's so much more that our infrastructure involves than just highways, bridges, roads, and mass transit, but it seems to me an infrastructure attitude adjustment downward, that it's no longer the federal government's responsibility. And when you look back at the history of this country, the federal government has always led the way in significant infrastructure advancements that made us a great economic power—starting with the Erie Canal, the Hoover Dam, the Trans-Atlantic Railroad System, the Interstate Highway System. Those were all federal initiatives, and now we're sort of saying, "Well, we'll muddle along." But we've got no money for anything that's going to dramatically increase the level of economic competitiveness and quality of life and public safety from our infrastructure.

Congress is Afraid to Say "Yes"

You know Ken Orski who writes *Innovation Newsbriefs*? His brief entitled "[A Requiem for a Highway Trust Fund](#)" shows you just what a stunning infrastructure-attitude downward adjustment is taking place. And the answer is that we have a bunch of what I described in my book as "wusses" in Washington D.C. We've got a Congress that's afraid to raise revenue—a Congress that knows what should be done, but is afraid to raise revenue. I testified at Chairman Shuster's first hearing of his committee. It was myself, Donohue from the Chamber of Commerce, and Terry O'Sullivan, so it was the three of us, and there were maybe 60 members of the Committee present. You know that's a huge committee: 60 members of the committee present. And after we finished testifying, one member after another stood up and said, "I'm a Republican but I think we need to do something about infrastructure," "We've got to do something about our infrastructure," "I'm a tea party guy but I believe this is the most important thing we've got to do other than defense." One after another pledged their fealty to doing something about infrastructure. But when the time came and when we needed significant funding, bingo, nothing. I mean this bill failed. It cut the funding for TIFIA! TIFIA doesn't cost the Federal Treasury a dime; it's a loan program, and they cut the funding for TIFIA. It's stunning. They cut the funding from TIFIA back from a billion to what, 300 million? It's stunning. They didn't do the new BABs that had been recommended by Brookings: to do BABs but not where the federal government pays 35% of the debt service because at that rate even though the bonds are taxable it's a loss to the Federal Treasury. So

what Brookings recommended was that we do BABs at 28% because if the federal government pays 28% of the interest rates it would still in our judgment stimulate state and city and municipal spending on infrastructure, but because the bonds are taxable as opposed to municipal bonds that are tax free it would be a wash to the Federal Treasury. So they had the opportunity to put tens of billions of dollars, tens and tens of billions of dollars, into infrastructure spending with no impact on the Federal Treasury and they didn't even do it.

The FAST Act Doesn't Solve Any Problems

I do think it's a partisan breakdown. Democrats talk about investing in infrastructure for all the right reasons: public safety, quality of life, economic competitiveness, and of course the creation of good, well paying, middle-class jobs. The great irony of it all is that the people who won't vote for any revenue increases, they're the ones who talk about how we need to create well paying, middle-class jobs, how we have to do something to raise wages. Well, infrastructure jobs at the construction site or back in the factory, pay \$60, \$70, \$80 thousand a year—family-sustaining, well paying jobs. And we talk about it but everyone appears unwilling to do it. I give the President credit: he's talked about the need to put an infrastructure program together; he's talked about it every year for the last six in his State of the Union address. So I think there is a partisan divide. Republicans, despite acknowledging that we need to do something about infrastructure, refuse to do anything to raise revenue. I mean look at the funding sources for this bill. They're a joke. And the Highway Trust Fund is going to be in worse trouble. Before this bill is done, it's going to be in worse trouble. So what have they done: instead of essentially kicking the can down the road three months or four months with the usual patches —33 of them—they've basically kicked the can down the road five years.

Vote for Politicians Willing to Invest

I think that we should vote for politicians who are willing to put forth an investment agenda, and I mean not just invest in infrastructure - . invest in education, invest in research and development -, who have the guts to propose somehow to pay for it. And they've done it at the state level. I'll give you a perfect example: Pennsylvania, as you know, Governor Corbett and a Republican legislature, essentially increased the gas tax by 28 cents a gallon over 5 years, giving Pennsylvania the second highest gas tax in the country, second only to California. I came up and stood with Governor Corbett and I wrote every Democrat urging them to do this, and it passed, and it was a bipartisan vote and it passed. Not one legislator who voted for this in 2013 lost re-election in 2014. Not one. And every Democrat who voted for it, every Republican who voted for it, their opponent on the other side of the isle used it as an issue against them. Not one was defeated. There's a message there that people understand the need for investment.

Time for the Infrastructure Commission to Get to Work

I do believe with a new Congress and a new administration, whatever the configuration of that is, I think if the President, whoever he or she may be, understands this issue—and I think any intelligent person understands this issue—I think we have a chance to

get a blue-ribbon, six-month commission to propose ways to make significant investments in the American infrastructure. And I think that would lead to doing something like all of the G20 countries have done, and that's a long-term infrastructure revitalization program. Japan for example: five years, one trillion dollars. Well if Japan can do five years, one trillion dollars, America could do five years, two trillion dollars. And I think with presidential and congressional leadership looking at one of the most significant long-range problems facing this country, I think we have a chance to start anew. If we had such a commission I would love to be part of it or chair it, and I would do it as a labor of love. And you would be my first call.

www.InfrastructureUSA.org
212.414.9220
info@infrastructureusa.org