

**The Fairfax County Democratic Committee Endorses
A 21st Century National Infrastructure Bank**

Whereas,

Modernization and repair of our nation's infrastructure is a key to restoring our economic growth that has remained largely stagnant for the last decade. In fact, infrastructure spending has fallen to 2.5 percent of our GDP, the lowest level in 70 years. That is one-half the comparable level in Europe and one-third of China's level. Recoveries from the Great Recession and political gridlock have kept us from addressing basic infrastructure needs. In order to grow our economy beyond the 1.8 percent average of the past decade, we need to invest in public infrastructure that will enhance economic efficiency, attract investment, and provide a means to address historic levels of income inequality. In addition, US citizens will have much-needed safer and more efficient transportation, communications, water and energy systems.

Over our nation's 240-year history, investment in infrastructure has accelerated when a national infrastructure bank (NIB) has been in place. There have been four such banks: the First Bank of the United States (1791-1811) created by Alexander Hamilton; the Second Bank of the United States (1816-1836) expanded under John Quincy Adams; a National Banking system instituted by Abraham Lincoln; and FDR's Reconstruction Finance Corporation (RFC, 1932-1957). From coast to coast, these banks financed the construction of roads, bridges, canals, the Trans Continental Railroads, schools, affordable housing, rural cooperatives, and other "internal Improvements"; lifted us out of the Great Depression; and helped us to win WWII. Similarly, infrastructure investment fell when the charters for those four banks were permitted by Congress to lapse.

The American Society of Civil Engineers (ASCE, 2017) reports that we need \$4.6 trillion just to repair the nation's infrastructure – roads and bridges, the power grid, schools, dams and levees, water and wastewater facilities, airports and rail, and public parks and recreation – of which at least \$2.1 trillion is not funded. If we wait just a few years, ASCE estimates, the total cost will double to \$10 trillion. ASCE estimates do not account for new science and technology drivers needed to advance our competitive edge, create new jobs, and address climate change (requiring extensive investments under a potential Green New Deal in non-carbon based energy-related infrastructure).

State, municipal, and Federal Budgets are inadequate to finance necessary repairs or to invest in new infrastructure. States and municipalities, which own 87 percent of the nation's public infrastructure, have largely relied on tax receipts and matching grants to fund new investment. When insufficient – especially after the 2008 financial crisis when tax receipts declined and the nation's Highway Trust Fund fell into the red – states increasingly turned to public private partnerships (PPPs) which are fraught with monopoly pricing and bankruptcy problems, and have never accounted for more than 1-2 percent of all infrastructure investment. In Virginia's case, infrastructure spending has fallen to 1.7 percent of GDP, well below the national average. There is a backlog in all spending areas, especially in solving traffic congestion problems and providing public transit.

Existing Congressional proposals to establish an infrastructure bank are inadequate. These proposals rely on unreliable Federal budget appropriations, leveraging of operating funds by borrowing from capital markets, and require (in one proposal) that user fees pay for at least half of all loans. The ASCE assessment suggests a revolving fund of at least \$4 trillion is needed.

By comparison, the proposed NIB has none of those disadvantages. As outlined in its draft statute, this NIB:

- Has the scale - \$4 trillion to start - to finance America's infrastructure needs;
- Monetizes existing debt to create working cash to fund infrastructure projects, just as any commercial bank creates cash to provide funding for loans, thereby creating no new Federal debt;
- Provides low interest loans and does not rely solely on unpredictable user fee models to securitize loans; and
- Follows a model that has been successful four times in the past in building much of our nation's infrastructure.

Economic studies show that well-targeted public investment improves private productivity, super-charges economic growth, raises wages, and improves the quality of life while stimulating tax receipts that facilitate repayment of infrastructure loans.

Only a large NIB will be capable of rebuilding American infrastructure. Forty thousand Democratic Municipal Officials, seventeen state legislatures, including Virginia, and many labor, civil rights and other organizations across America have signaled their support for this NIB. [And the Democratic National Committee has endorsed a version of this proposal.]

Therefore, be it resolved that the Fairfax County Democratic Committee:

1. Endorses a 21st Century **National Infrastructure Bank** along the lines outlined in this Resolution; and
2. Urges the Virginia Congressional Delegation to introduce the draft bill for a 21st Century **National Infrastructure Bank** during the 116th United States Congress, and lead the effort to secure its passage.

Adopted July 23, 2019