(RE)CONSTRUCTING AMERICA'S INFRASTRUCTURE

National Infrastructure Banks, Then and Now



Canal locks, 19th century

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America Has Had Four Successful National Infrastructure Banks or Institutions

1791

First Bank of the U.S.

Hamilton turned a huge Revolutionary War debt into bank capital, and bank capital into a national currency and credit, which were needed to support manufacturing and development per his Report on Manufactures.

1816

Second Bank of the U.S.

Restores a sound national currency, backing credit for building canals and turnpikes as the colonists opened the West.

1862-64

Lincoln's Greenbacks & National Banks

Fund the Union, while Greenbacks and federal bonds help build the transcontinental railroad and other postwar development.

1932

Reconstruction Finance Corp.

The biggest and most far-reaching, it financed recovery from the Depression and the war industries leading to victory in World War II.

The RFC: An Off-Budget Funding Machine Rescuing the Economy from the Depression

1932: Created under Hoover to rescue the banks. Under FDR, Jesse Jones made it the government's development bank.

$500 million in capital from the Treasury. It raised the rest by borrowing: $51.3 billion from the Treasury, $3.1 billion from the public.

$33.3 billion disbursed, 1932–1953, including $20.9 billion to its wartime subsidiaries.

Financed banks, railroads, farms, and housing (Fannie Mae began as an RFC subsidiary).

Off budget: its lending didn't count as federal spending, and it needed no new appropriations for its programs.



Source: James Butkiewicz, "Reconstruction Finance Corporation," EH.Net Encyclopedia

The RFC Also Built America's War Industries

- The Defense Plant Corporation (an RFC subsidiary) and the RFC's Rubber Reserve Company spent $700 million on 51 government-owned synthetic rubber plants. By the end of the war they were producing 700,000 tons of synthetic rubber a year, with capacity of 1 million. Germany never topped 109,000.
- **It also financed aircraft.** The Defense Plant Corporation wholly or partly financed 14 of the 15 largest aircraft engine plants. Willow Run, financed largely by the Defense Plant Corporation, built 8,700 planes with 42,000 workers.



Around the World

Germany	**KfW (1948)**	Founded with Marshall Plan funds to rebuild the country; today it finances Germany's energy transition.
Europe	**European Investment Bank (1958)**	The EU's own bank, created by the Treaty of Rome to finance infrastructure across Europe.
Japan	**Japan Development Bank (1951)**	Postwar credit for electric power, steel, shipping and coal.
Canada	**Bank of Canada (public since 1938)**	From 1939 to 1974 the government borrowed heavily from its own central bank, so the interest came back as profit.
Australia	**Commonwealth Bank (1911)**	A "people's bank" that helped finance World War I and public works.

The China Model: Complete Networks

Rather than funding individual projects piecemeal, China plans and builds whole networks — rail, power and water together -- financed as one system with public credit.



High-speed rail: 50,000 km (31,000 miles) by the end of 2025.

Electric grid: 46 ultra-high-voltage lines, over 62,000 km, carrying power from the west to eastern cities.

Water grid: the South–North Water Transfer Project, moving water from the Yangtze to the dry north.

Manufacturing centers: solar panels, batteries and electric vehicles.

Who financed it: China Development Bank and two other policy banks, with state-owned and local banks behind them. Some divisions carry heavy debt, but a public lender can accept slow returns on part of a network because the whole economy benefits.

Source: China State Railway Group via Railway News (2026); Global Transmission Report (2026)

NIBs Drive Technology

700,000 tons of synthetic rubber a year

By 1945, from 51 government-owned plants the RFC financed. Germany never topped 109,000.

14 of the 15 largest aircraft engine plants

Financed wholly or partly by the RFC's Defense Plant Corporation in World War II.

€100 billion for Germany's energy transition

Committed by KfW in 2011 for solar, wind, efficient buildings, grids and storage.

$47 billion made available for China's solar and wind makers

with credit lines from China Development Bank in 2010–11, launching those industries that are now led by China.

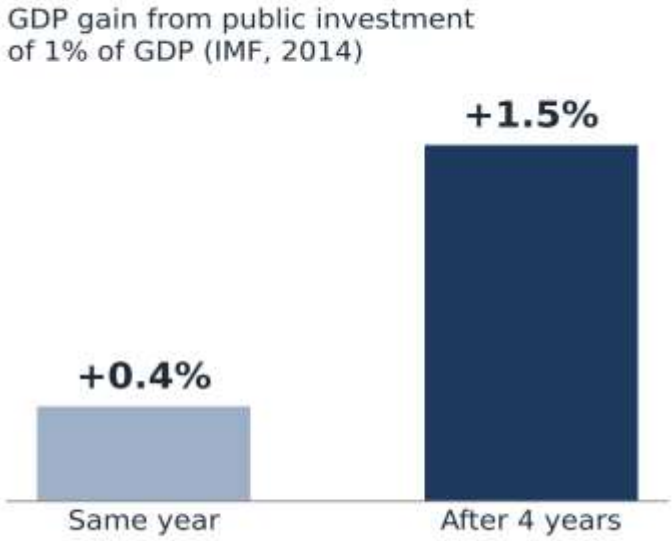
Source: American System Now, "Creating New Industries from Scratch"; Bloomberg (2011, KfW); Bloomberg New Energy Finance via Eco-Business (CDB)

NIBs Drive not Just Tech but the Whole Economy

They pay for themselves. The IMF found that public investment raises output enough that "the public debt-to-GDP ratio does not rise."

They are countercyclical. A public bank lends when private banks pull back, as the RFC did in 1932.

They are "patient capital." They finance 30- to 50-year assets that quarterly-driven markets won't touch.



Source: IMF, World Economic Outlook, October 2014, ch. 3 (advanced economies)

Banking Is Financial Infrastructure

Rebuilding our power to create public credit

Banks create money when they lend. "Commercial banks create money, in the form of bank deposits, by making new loans." (Bank of England, 2014)

Today that power serves private shareholders. A public bank directs it instead to public needs.

Bank of North Dakota (1919): partners with local banks instead of competing with them, generating credit for the local economy.

H.R. 5356 (2025): a National Infrastructure Bank that takes deposits, swaps Treasuries for preferred stock (up to $500 billion), and lends up to $5 trillion.



Source: Bank of England Quarterly Bulletin, 2014 Q1; H.R. 5356, National Infrastructure Bank Act of 2025 (Rep. Danny Davis)

We've Done It Before. We Can Do It Again.

Nationally: a National Infrastructure Bank (H.R. 5356).
In your state and city: public banks on the North Dakota model.
Together: a network of public credit, from local banks to a national bank.

Private capital follows where national infrastructure banks lead. They build the industries the market says can't be built — and the growth in GDP pays the bill.



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