

**The 2020 Virginia Democratic Convention
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 last of which was Franklin Delano Roosevelt'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) reported in 2017 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. In addition, new investments in high-speed rail, affordable housing, complete broadband, and electricity grid overlays, would reduce CO2 emissions from traffic congestion, the number one polluter. Financing of at least \$4 trillion is needed to properly develop these projects, which is not available from Federal or State Budgets. In Virginia's case, infrastructure spending has fallen to 1.7 percent of GDP, well below the already-low national average of 2.5 percent of GDP. There is a backlog in all spending areas, especially in solving traffic congestion problems and providing public transit.

The COVID-19 shutdown and resulting recession have left tens of millions of people unemployed who can benefit from new infrastructure-related jobs. Due to the pandemic, the U.S. lost 20.5 million jobs in April 2020, the steepest recorded surge in American unemployment ever recorded, wiping out a decade of job gains. The unemployment rate spiked to 14.7 percent, up from 4.4 percent in March, as thousands of businesses closed and laid off, or furloughed, workers they could no longer afford to employ. Although Congress passed several stimulus packages to combat the recession, extending unemployment benefits and providing small business loans and larger corporate bailouts, those responses will not be adequate to ensure a full recovery. An end-April Congressional Budget Office interim report forecasts that, even with the new measures, real GDP growth is expected to decline by -5.6 percent in 2020, and recover by only +2.8 percent in 2021. Meanwhile, unemployment is expected to average 11.4 percent in 2020, and remain at 10.1 in 2021, meaning millions will remain unemployed. A resulting fiscal deficit of \$3.7 trillion for fiscal year 2020 suggests that very little budget appropriations will be available to finance infrastructure investments any time soon.

A National Infrastructure Bank (NIB), modeled on the four previous banks in our nation's history, would create a government-owned bank that would lend up to \$4 trillion to state and local governments to repair and upgrade public infrastructure in every part of America. This Bank has significant advantages over all other proposals now under discussion to rebuild America's infrastructure and re-employ American workers affected by the COVID-19 recession, outlined as follows:

- **At \$4 trillion, Is Adequately Sized to Finance Projects In Every State:** It would yield less traffic congestion and CO2 pollution; lead-free water; new schools, affordable housing, mass transit, broadband everywhere; repair roads and bridges, electricity grids, provide new rail including High Speed; and more.
- **Operations:** Is capitalized with existing, privately owned U.S. Treasury Bonds, exchanged for preferred stock paying an extra 2%; creates working cash to fund loans just like commercial banks; provides low interest loans, and maintains public management of infrastructure, both lowering total project costs.

- **Workers:** Creates 25 million new jobs, paying Davis-Bacon wages; re-hires from among the 33 million Americans now unemployed; provides training in permanent, new, construction and related occupations; reduces income inequality; and stimulates union membership.
- **Businesses:** Creates more business from all the new construction; the economy is more productive; trucks move faster; and there is increased consumer demand for products and services that businesses provide.
- **Economy:** Ramps up jobs and production coming out of the pandemic collapse; pushes up long-term growth from 1.8%/year, to 5%/year (based on past performance and recent computer modeling).
- **Federal Budget: Creates no new Federal Debt; requires no new Taxes;** is not dependent on Pay-As-You-Go financing from budgets; no other infrastructure or jobs proposal is budget neutral like this one.
- **State and Local Finances:** New jobs and economic recovery/growth improve local finances much faster compared to the 2008 Recession. Only a large NIB is capable of rebuilding American infrastructure, creating millions of long-lasting jobs, and lifting us out of this deep recession. Seventeen state legislatures, including Virginia, the National Association of Counties, National Association of Minority Contractors, and other organizations and labor unions across America have signaled their support for this NIB.

Therefore, be it resolved; the Convention:

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