

Congress Notices Real Infrastructure Decline

by Carl Osgood

At the level of the Congressional leadership and the White House, talk of an “economic stimulus” continues to revolve around some combination of tax cuts and spending programs. On Oct. 5, President George Bush made clear that he wants only tax cuts. Most of his package would consist of accelerating the tax cuts passed into law earlier this year, in order, Bush said, to “stimulate” consumer spending. Bush and the Republicans claim that the \$55 billion in additional spending passed in the aftermath of the Sept. 11 attacks is more than enough. Democrats, on the other hand, want additional spending, primarily to provide relief for workers who have lost their jobs after Sept. 11.

What both sides agree on, however, is that they must be guided by the principle laid down by Federal Reserve Chairman Alan Greenspan. That is, as Senate Minority Leader Trent Lott (R-Miss.) told reporters on Oct. 9, any stimulus package has to be quick in effect and temporary. Or, as Sen. Charles Grassley (R-Iowa) put it, it is important that any package “is truly a stimulative package and it not be Christmas-treed with a lot of pork barrel projects, special-interest projects that are really not stimulative.”

At the committee level, however, an entirely different discussion is taking place. As *EIR* reported in last week’s issue, there is a growing movement in Congress to address the nation’s infrastructure deficit. This tendency lacks a unified focus, but it has resulted in a raft of hearings on the security of both hard and soft infrastructure from disaster and attack. Since the physical security of infrastructure is intertwined with its economic importance, these hearings have become platforms for exposing the decrepit state of U.S. infrastructure. The hearings have now covered the gamut—from railroads, to public health, to water supply and management, to the safety and security of the food supply.

On Oct. 9, the Senate Public Health Subcommittee held a hearing, chaired by Edward M. Kennedy (D-Mass.), on Effective Responses to the Threat of Bioterrorism, which heard from public health experts (see article, this issue).

Also on Oct. 9, the House Water Resources and Environment Subcommittee, chaired by John Duncan (R-Tenn.), held a hearing on the security of water distribution and navigation systems. Witnesses came from the Tennessee Valley Authority, the FBI, the Army Corps of Engineers, and the Environmental Protection Agency. What emerged, was not only the

vulnerability of water systems to terrorist attack, but also the inadequacy of water infrastructure, which has resulted from years of “re-inventing government” and “market-based economics.” A spokesman for the Association of Metropolitan Water Agencies made a request for \$5 billion, not only for increased security for water systems, but also to help revive the economy.

Redundancy Needed

At the same time, the Senate Energy and Natural Resources Committee, chaired by Jeff Bingaman (D-N.M.), held a hearing on legislation requested by the Bush Administration to increase security for dams and other infrastructure under the jurisdiction of the Bureau of Reclamation. Mary Landrieu (D-La.), using the oil and gas industry in Louisiana as an example, took the opportunity to point out that the vulnerability of energy infrastructure doesn’t come just from physical exposure, but also from inadequate capacity and lack of redundancy. She said that the Midwestern states obtain 25% of their gasoline supplies from the Gulf Coast, but there are only two pipelines to move that product. “In light of the events of Sept. 11,” she said, “we’ve got to look at this infrastructure with a different light.” Regardless of the kind of infrastructure, she said, “The Federal government has a clear and compelling interest in providing necessary resources to ensure that our energy infrastructure is sufficiently protected.”

On Oct. 10, the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee held a hearing chaired by Jim Greenwood (R-Pa.) on “A Review Of Federal Bioterrorism Preparedness Programs From A Public Health Perspective.” As in the Senate hearing the day before, the witnesses focussed much attention on the fact that hospitals and public health systems have been grossly underfunded for more than 20 years, and as a result, are not even capable of handling a flu epidemic, much less the chaos that would result from a deliberate mass release of a biological toxin such as smallpox or anthrax. A key part of the policy hegemonic since the 1970s was hit upon by Greg Ganske (R-Iowa), long a proponent of patients rights legislation. He told the hearing that “under the HMO [health maintenance organization] model of health care, in this country, we have wrung out of the health care system any redundancy, in the quest for efficiency. . . . There is no room for the surge of an epidemic in the health care system, today, because of the HMOs’ contracting of the health system.”

That same afternoon, the Oversight of Government Management, Restructuring and the District of Columbia subcommittee of the Senate Governmental Affairs Committee held a hearing, chaired by Richard Durbin (D-Ill.), on the safety and security of the nation’s food supply. Durbin has introduced a bill to consolidate all of the government’s food safety and security functions, now spread across 12 agencies, into one agency. As with the public health system, strength-

ening the food inspection system would not only better protect the public against an attack on the food supply, but it would also further reduce the risk of accidental outbreaks of food poisoning.

While these efforts have yet to overturn the recent decades' paradigm of budget control and cost cutting, they represent increasing recognition on Capitol Hill of the vital role government must play in developing and maintaining physical infrastructure. This recognition is leading some to the thought that promoting the general welfare is the same as providing for the common defense.

Senators: Infrastructure Spending Stimulus Needed

On Oct. 9, eleven members of the Senate Environment and Public Works Committee sent a letter to Senate leaders outlining programs that could be included in an economic stimulus package. Signers are: Committee Chairman Jim Jeffords (I-Vt.), Bob Smith (R-N.H.), Harry Reid (D-Nev.), John Warner (R-Va.), Bob Graham (D-Fla.), Hillary Rodham Clinton (D-N.Y.), James Inhofe (R-Okla.), Jon Corzine (D-N.J.), Michael Crapo (R-Id.), Lincoln Chafee (R-R.I.), and Arlen Specter (R-Pa.). Excerpts of the letter follow:

As you develop an economic stimulus package, there are a number of programs within the jurisdiction of the . . . Committee which could be included in such a proposal. We make this request guided by the principles that a stimulus package should be targeted to address the needs of those affected by recent events, should increase near and long-term employment, and must carefully avoid large increases in deficit spending. We have identified five specific programmatic areas within our jurisdiction that are appropriate for inclusion and would abide by the principles articulated above:

1. *Disaster Unemployment Assistance.* Implemented by the Federal Emergency Management Agency (FEMA), the Disaster Unemployment Assistance Program provides payments to those directly impacted by a disaster. It is critical to those affected by the recent attacks that this program be modified to ensure that statutory or administrative deadlines not operate to deny compensation. . . .

2. *Transportation Investment.* Investment in our nation's transportation infrastructure can play a critical role in our efforts to reinvigorate the economy. Through spending on roads, bridges, and other transportation capital, we create jobs and stimulate economic activity for both the near and mid-term. Infrastructure improvements enhance our communities, increase the value of property, and promote additional investment. With a useful life of many decades, transportation investments afford a continued and steady return.

. . . We are proposing a \$5 billion one-time increase of



Sen. Harry Reid (D-Nev.), one of several Senators calling for massive investment in infrastructure as part of a stimulus spending package.

Federal highway obligation authority to states. The funds would be distributed under existing formulas and would generally be governed by existing program requirements. This investment would create roughly 75,000 jobs within the first year and an additional 100,000 jobs in the following year. Additional investment in our highways and bridges, together with increased funding of our transit and rail infrastructure, would yield a balanced transport system supporting economic growth, improved productivity, and more livable communities. . . .

4. *Flood Control, Navigation, Restoration and Shoreline Protection.* The [Army] Corps [of Engineers] . . . estimates that ongoing construction projects in these areas are artificially constrained by budgetary limitations. Without such constraints, it is estimated that \$1.2 billion could be expended in FY02 on current projects.

5. *Clean Water and Drinking Water Infrastructure.* Although Americans take clean, safe water for granted, our drinking and wastewater infrastructure is in disrepair throughout the nation, with literally billions of dollars in documented critical needs. This has been a consistent area of Committee attention and investigation over the last several years. The Environmental Protection Agency operates State Revolving Funds (SRF) for wastewater and drinking water to provide assistance to states and localities seeking to meet these needs. As increasingly more stringent Clean Water Act and Safe Drinking Water Act requirements have been instituted in recent years, however, a consensus has developed around the principle that the Federal government must do more to assist communities to meet these requirements. Accelerating improvements in the security of clean water and drinking water is also imperative.

. . . We recommend funding between \$1 and \$5 billion in Federal matching grants to states and municipalities for the purpose of upgrading this critical, but aging and failing infrastructure. . . . We believe that if carefully crafted to avoid long-term budget deficits, appropriate infrastructure investment can translate into a direct investment in our people, our communities, and our future as a nation.