LCDC Resolution

To Virginia's Congressional Delegation:

A National Bank for Infrastructure and Industry

(Adopted Unanimously by vote of the membership on January 3, 2019)

WHEREAS, the United States faces an acknowledged infrastructure crisis, estimated to be $4 trillion less than necessary to bring our roads, bridges, and other public structures to meet current standards.[1] and,

WHEREAS, the American Society of Civil Engineers gave the State of Virginia a grade of C- in its 2017 Infrastructure Report Card;

WHEREAS, Virginia received a D grade on the condition of its roads, with the gridlocked District/Virginia/Maryland metro area ranked second worst in the nation;

WHEREAS, 935 bridges are rated structurally deficient, and the state received a D on wastewater treatment, with a projected deficit of $6.5 billion over the next two decades;

WHEREAS, the Commonwealth of Virginia needs to expand its rail system to meet current and growing population and freight demands;

WHEREAS, meeting the needs for modernization of our Infrastructure is beyond the fiscal capacity of the Commonwealth, and most states;

WHEREAS, the Commonwealth has the fiscal capacity for partial funding of infrastructure projects, as do other states and localities, we must have a reliable cost-sharing public partner for long-term stable funding for infrastructure modernization;[2]

WHEREAS, a National Bank for Infrastructure and Industry (The Bank) could partner with Virginia, other states, and their instrumentalities to provide shared responsibility for the necessary reliable funding;[3]

WHEREAS, The National Infrastructure Bank would be capitalized at $3-4 trillion, within current fiscal constraints.[4]

WHEREAS, a report by the Brookings Institute has concluded that "There is strong evidence that a period of increased infrastructure investment effort could provide large benefits to the American economy. It could provide a fiscal expansion in an economy where aggregate demand growth has been stubbornly slow for years

WHEREAS, public infrastructure investments enhance economic output and productivity, stimulating stable employment growth with higher real wages, and have larger returns per dollar than many alternative public investments;[5]

AND WHEREAS, this policy has been widely endorsed by national associations of public officials and institutions,[6]

NOW THERFORE, BE IT RESOLVED THAT the Loudoun County Democratic Committee hereby urges our elected Congressional delegation to introduce, support and enact legislation to create and authorize appropriations for The National Bank for Infrastructure and Industry.

BE IT FURTHER RESOLVED, that copies of this resolution be delivered to all members of the Virginia Congressional Delegation for their immediate consideration and action.

FOOTNOTES

[1] The American Society of Civil Engineers, U.S. Chamber of Commerce, International Association of Machinists and Aerospace Workers and the North American Building Trades Unions all estimate the shortfall at approximately $4 trillion. This does not account for needed spending on new projects, including high speed rail systems, water projects, a modernized power grid, and nationwide broadband.

[2] The Bank could provide Virginia's share of funding for Metro, thus avoiding the Hobson's Choice of funding its share of metro by diverting money away from other important regional transportation projects.

[4] The Bank would be funded on the successful model of George Washington and Alexander Hamilton's First National Bank of the United States using the debt incurred to finance the Revolutionary War as the source of capital. The same approach was the basis for capitalizing subsequent institutions, including the Lincoln Banking Acts and Franklin Roosevelt's Reconstruction Finance Corporation. In other words, financing would be provided by monetizing approximately $4 trillion of the $17 trillion in existing Treasury notes to "useful projects." Bondholders would be offered preferred stock shares in exchange, on a one-to-one basis, bearing interest 2 points higher than the bond rate in exchange for their holdings. Annual financing of the approximately $88 billion differential would be subject to Congressional appropriations. By way of comparison, this is approximately the $90 billion annual cost of building and operating the Navy's 2017 proposed 355 ship fleet expansion. (See, Congressional Budget Office, "Costs of Building a 355-Ship Navy Fleet," (April, 2017).

[5] Josh Bivens, "The potential macroeconomic benefits from increasing infrastructure investment," Congressional Research Service (July 18, 2017) CRS estimates that the return of such investments may be as high as 30-40%. p.12.

[6] These include: Democratic Municipal Officials, the National Federation of Federal Employees, the National Latino Farmers and Ranchers Association, Our Revolution Northern Virginia, the Loudoun County Progressives, and others. Sixteen state legislatures have filed resolutions in support.