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## An Infrastructure Bank: Democrats and Republicans Both Like It. Why Won't They Create It And Put Millions of People to Work?

By Joe Rothstein  
Editor, EINNEWS.com

Investors continue to plow hundreds of billions of dollars into U.S. treasury bonds, even though those bonds repay virtually nothing in interest.

Why? Because in an uneasy world economy, U.S. treasuries are about the least risky place to park money. Shoe boxes under the bed aren't an option for pension funds, sovereign funds and other organizations, governments and billionaires.

Even while much of the world is obsessing about high levels of public and private debt, the fact is that trillions of dollars are loose in the world, anxious to find places to earn interest, dividends and profits.

That's why it's baffling that the federal government hasn't launched a major initiative to lure that capital to help restore what everyone concedes is the nation's tattered infrastructure.

Measures to set up public-private financing partnerships are languishing in Congress, victims of political gridlock, even though many heavyweight political figures and influential lobbying groups are big fans of such partnerships

President Obama and the U.S. Chamber of Commerce, for example, are both on record favoring an infrastructure bank that attracts private investment to help restore and build roads, bridges, water and sanitation systems, and other public facilities.

The public itself has seldom wavered on the need for infrastructure investment. About this time last year the Rockefeller Foundation underwrote a study by two NYU researchers, Michael Likosky and Laura Noren, who tested support for this statement:

"Encouraging more private investment is an acceptable way to provide additional funding for national transportation infrastructure."

Approval was registered by 85 percent of the Republicans who responded, 73 percent of the Independents and 78 percent of the Democrats.

Another statement: "Our generation has a responsibility to the future to invest in America's infrastructure —just as our parents and grandparents did"

91 percent agreed, including 85 percent of those who identified themselves as political conservatives.

Likosky and Noren are with NYU's Center on Law and Public Finance. In their report: "Partnership-driven Growth: A Bipartisan Way Forward," they looked at many such projects and found significant success for both the public and for investors.

V & M Star Steel, for example. V & M is a French firm, one of many French firms investing these days in the U.S. In 2010 those investments totaled \$163 billion.

V & M has invested \$650 million to construct a million square foot seamless steel pipe plant in Youngstown, Ohio. Why Youngstown? To provide piping to carry natural gas from development of the nearby Marcellus and Utica shale formations.

Youngstown gives V & M proximity to market, a workforce experienced in steel manufacturing. And infrastructure logistics that will let V & M get up and running quickly.

So where's the partnership come in? Well, \$250 million is coming from President Obama's much maligned stimulus fund. The state of Ohio is helping with site acquisition, environmental cleanup and some infrastructure improvements. The project is also getting help from nearby small towns for rail line upgrades.

The plant is under construction, employing 1,000 workers.

The Likosky-Noren study details many such projects: BMW's plant in Charleston, South Carolina, infrastructure work now under way in Miami to take advantage of the widening of the Panama Canal, a "fresh food" initiative in Pennsylvania to bring supermarkets to deprived urban areas--among others.

What these projects have in common is a small amount of public support serving as magnets for a much larger private investment. For the most part, that public support is infrastructure related.

It's estimated that public investment in terms of dollars, credits and guarantees could draw in ten times that amount from private investors looking to earn more than the zero they now get from their treasury bonds.

According to Likosky and Noren public investment is taking the form of loans, matching grants, guarantees, insurance, tax credits, interest subsidies, bond vehicles, research and design, training, education, information and analysis, legal support, promotion and other vehicles.

But the projects under way barely move the needle when compared to the need and opportunity.

The American Society of Civil Engineers estimates that \$2 trillion is need just to bring the nation's infrastructure back to good working order. In many cases, such as dams, bridges, schools, drinking water and sewage disposal, that also means safe working order.

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At a time when zero percent is deadly for investors, there's unparalleled opportunity for the public, at bargain rates, to massively fix much of what ails it, while creating both short and long term job opportunities.

Why doesn't that make sense? Why should creation of an infrastructure bank be caught in a web of political entanglement when it is so publicly popular and has so many fans on both sides of the political aisle?

And when up to one-fifth of the nation's work force is looking for a job?

(Joe Rothstein can be contacted at joe@einnews.com)

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