

**Statement of Richard Trumka  
President  
American Federation of Labor and Congress of Industrial Organizations**

**Senate Committee on  
Environment and Public Works**

**February 16, 2011**

Chairman Boxer, Ranking Member Inhofe, and members of the committee,

On behalf of the 12 million workers represented by the AFL-CIO, I thank you for the opportunity to appear before you today to discuss the urgent need for investing in our country's infrastructure.

The fact that Mr. Donohue and I appear before you today does not mean that hell has frozen over or unicorns are now roaming the land. The fact is, while there are many policy areas where we have sharp differences, we both realize that our country needs to step up our "Investment in America" for business as well as working Americans to succeed.

That's why, following the State of the Union address, we issued a joint statement praising President Obama's call for investing in our nation's infrastructure.

Our shared support for infrastructure investment follows many years of bipartisan support for exactly the kind of investments we are talking about today.

Quite frankly, there is no more important time to be thinking long term, rebuilding a solid economic foundation for our country and investing in good jobs to maintain U.S. competitiveness with countries like China, India and Germany. I agree with you, Chairman Boxer and Ranking Member Inhofe, about the direct link between a strong transportation infrastructure and a strong economy.

There are 13.9 million unemployed workers in the U.S. and millions more who are underemployed or stuck in part-time jobs. Our building and construction trades workers have been particularly hard hit, with a national unemployment level at 22.5% and even higher in some crafts and areas of the country. Our construction union halls that once teemed with workers receiving training or heading to construction sites are now full of folks simply waiting for jobs.

Strong federal investment in our transportation system has never been more important to support the economy and to create and sustain good jobs for U.S. workers.

The Department of Transportation estimates that every \$1 billion in federal highway investment, accompanied by the state match, creates or supports nearly 35,000 jobs.

At the same time, according to the American Society of Civil Engineers (ASCE), we face a \$2.2 trillion deficit in 20th century infrastructure that is crumbling and in disrepair, and a broad array of 21st century infrastructure—especially in transportation, communications and clean energy—that is waiting to be built. The latest ASCE report gives our overall infrastructure a score of D. Our roads received a D, our bridges only slightly better with a C, our waterways a D-, and our rail systems a C-. Failure to invest in rebuilding our infrastructure for the 21st century will result in lower rates of economic growth—and thus lower tax revenues.

We cannot solve our long-term federal deficit if we fail to invest in the future. When we are reduced to competing on who can make the biggest budget cuts, instead of deciding how to compete in the world economy and secure our future, then we are having the wrong conversation.

The debate about our future begins and ends concretely with the question of jobs and how we invest in our future.

What we want, and what our nation needs, is a strong economy, an economy where business can thrive and workers can build a decent life for themselves. Where they can afford a place to live, raise a family, take an occasional vacation, pay for their children's education and have a dignified retirement. In short, Madam Chairman, we want to revive the American Dream, so if you work hard and play by the rules you can succeed in America.

The example of the postwar boom—when deliberate economic policies created broadly shared prosperity that paid enormous dividends—shows us the way forward. High levels of public investment fueled robust GDP and job growth in the postwar period that reduced the debt-to-GDP ratio from more than 100 percent after the war to less than 30 percent in the 1970s.

During those decades, we built a transportation, highway, bridge, transit, port and aviation infrastructure that was the best in the world, and our economy boomed. Good jobs were created and we developed a strong middle class. But we have simply coasted through the past several decades, and this neglect will require a herculean effort to restore our competitiveness in the world.

In his State of the Union Address, President Obama called for programs that pave the way for the U.S. to “Win the Future.” He said the U.S. needs:

*“...to have the fastest, most reliable ways to move people, goods and information – from roads and airports to high-speed rail and high-speed Internet. We must build a 21st century infrastructure for America's businesses to ship their goods, products and ideas anywhere in the world.”*

I agree.

Rebuilding our nation's crumbling infrastructure will employ millions of workers and ensure efficient and timely movement of goods, services and people throughout the system. Investments in rail, ports and maritime, transit, roads, bridges, airports and air traffic control must be made and are desperately needed.

Nowhere do we meet today's global standard. And that standard is not sitting still.

We are better than this.

I haven't been to China, though I hope to go soon. But I am told that when you fly to Shanghai, you land in a brand new airport, you have high-speed broadband access from the moment of your landing and you can get on a high-speed train in the arrival terminal that will take you directly to downtown Shanghai at over a hundred miles an hour. This set of experiences is simply not available in any city in the United States.

We invest less than half what Russia does in infrastructure as a percentage of GDP, less than one-third of what Western Europe does.

If we want to have a great future as a nation, we cannot sit by and watch the future happen elsewhere and not here.

America wants to work. And the cost of inaction is already being felt. The Texas Transportation Institute's 2010 Urban Mobility Report estimates that the extra cost of fuel and loss of productivity from congestion on our highways alone costs our nation \$115 billion a year.

Not only do we need a reliable and efficient highway system with expanded capacity, but a 21st century rail system to supplement our roadways in moving goods and people, supporting commerce and easing congestion. This means investing in high-speed rail, freight rail, commuter rail and transit systems. Many transit authorities are facing severe budget crises that are forcing service and job cuts at a time when demand for public transit is on the rise. These transit systems need help with their operational costs and we urge you to allow them the flexibility to use portions of their capital funds for this purpose.

Investing in infrastructure projects will not only make our country more efficient and put the construction sector back to work, but it also will boost our manufacturing sector. These projects create substantial long-term employment in manufacturing, design and engineering when we use the domestic U.S. supply chain to produce the materials that will be needed—from concrete, wire, steel and pipes to high-speed trains. And all this restores revenues for state and local public services struggling with budget holes as well.

The economic impact of investing in infrastructure can be maximized by a doing a few things to ensure our investments not only are a good value for taxpayers, but create good jobs, ensure the jobs are done right and are done by the best skilled, trained and professional workforce.

Investing in our infrastructure means also investing in our workforce. To build a 21st century transportation system requires a modern 21st century workforce. Craft training in transportation-related industries has been conducted through apprenticeship programs for over a century. Indeed, serving an apprenticeship was the original four-year degree. Transportation investments should complement and support joint labor-management training and apprenticeship programs, not undermine them through investments of precious public dollars in training programs that fail to deliver for working people, employers and taxpayers.

When infrastructure investments are supported by federal resources, Congress should require prevailing wages and other labor protections, regardless of the funding mechanism used. This will ensure that construction and transportation projects create and sustain good jobs and that these projects are done by a skilled, well-trained, local workforce, not by low-road employers.

To help workers and businesses in our manufacturing sector receive the benefit of our investments, Congress should implement strong "Buy America" provisions by making sure we are procuring products, such as steel wire and other materials, from industries and businesses within our shores.

While there is a growing consensus that investing in our infrastructure is the first, best thing Congress can do for our short- and long-term economic success, there is no such consensus on how to fund it at the level it requires.

We believe everything should be on the table when looking at funding sources—including utilizing innovative ideas, as well as beefing up revenue streams that currently fund the system.

Madam chair, you have pushed for expanding the role of the Transportation Infrastructure Financing and Innovation Act (TIFIA), a successful federal loan and credit enhancement program that could do a lot more.

The President has spoken up for the need for an Infrastructure Bank.

We should reauthorize the Build American Bond program. Other bonding mechanisms should be created or expanded to provide for private-sector investment in our nation's infrastructure. However, these tools should supplement, not replace, direct federal investment.

Wall Street, whose businesses would be strengthened with a newer infrastructure, should also be asked to kick in. Congress could enact a transaction fee, a very small financial speculation tax of 0.05%, so small to be of no concern to any real investor but enough to raise more than \$100 billion in revenue a year.

The Federal Reserve could allocate a portion of its bond authority to buy infrastructure bonds.

All of these ideas would help and should be considered, provided they contain the provisions necessary to create and sustain good jobs. But while these financing mechanisms can supplement our needs, they alone will not generate the robust levels of funding needed for us to stay competitive in the global economy.

We must rely on, and boost, our user-fee revenue streams as key components in addressing our huge infrastructure deficit.

The gas tax has not been raised since 1993. It now provides diminishing levels of funding and should be raised. There have been discussions about creating a user fee based on vehicle miles traveled. This, along with other forms of user-fee funding mechanisms, needs to be considered.

We are willing to look at and consider all possible solutions to ensure robust levels of funding.

Public infrastructure, by definition, is the investment in projects that produce a broadly healthier economy. Private capital has never and will never adequately invest in public goods because private investors cannot capture the economic gains infrastructure creates. Investing in our nation's infrastructure is a key role of government because it is simply something the private sector cannot do on its own.

Federal investment in infrastructure is the necessary catalyst for future economic growth and to enable the private sector to effectively compete in the global economy. This investment is long overdue.

We need a robustly financed infrastructure bill, and we need it now.

Madam Chairman, it's not an accident that Mr. Donohue and I appear together before this committee today. It demonstrates that the need and urgency of the work to be done is not just recognized by one side of the political prism. Congress, too, needs to come together and address the most fundamental need of our country, a strong and efficient infrastructure.

The AFL-CIO stands ready to work with this Congress, the administration, business and others who want to move our country forward into the 21st century. Together, let's boldly take on the challenge of investing in America, investing in our future and keeping the American Dream alive for our children and our grandchildren.

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