
Kerry urges \$10b loan plan to bolster roads, rail, ports

By Theo Emery

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WASHINGTON — Aging roads, rails, airports, and seaports could be restored and modernized with money from a rotating loan fund that Senator John Kerry proposed yesterday, a plan that would pair public and private funding sources for a fresh and massive investment in American infrastructure.

The Massachusetts Democrat made the proposal with Senator Kay Bailey Hutchison, a retiring Republican from Texas, and Mark R. Warner, a Virginia Democrat. The bipartisan group also included two occasional adversaries: US Chamber of Commerce president Thomas J. Donohue and Richard L. Trumka, president of the AFL-CIO labor federation.

“Reliable, modern infrastructure isn’t a luxury — it’s the lifeblood of our economy, the key to connecting our markets, moving people, products, information and energy, and the key to generating and sustaining millions of jobs for American workers,” Kerry said.

The legislation would provide loans and loan guarantees for large energy, water, and transportation projects through an independent entity called the American Infrastructure Financing Authority.

The authority would initially be financed with \$10 billion from the federal government but would become self-sustaining. Because it would not be allowed to finance more than 50 percent of project costs, backers expect it would attract as much as \$640 billion in private money for the other half over 10 years. The president’s 2012 budget contains \$30 billion for an infrastructure bank; Kerry said that after consultations with Republicans, backers concluded that the \$10 billion was realistic.

The concept is not new; almost 20 years ago, a congressional commission recommended a similar concept. Hutchison was on that panel, and its chairman, Daniel V. Flanagan Jr., sat in the front row yesterday, holding a worn copy of the commission’s 1993 report in his lap. Lawmakers have pushed similar infrastructure funds over the years, and President Obama promoted it during the 2008 presidential campaign.

In 2007, Christopher Dodd, a Connecticut Democrat, and Chuck Hagel, a Nebraska Republican, proposed a similar entity on the same day as a massive bridge collapse in Minnesota, but the bill never gained traction. A House proposal in the last Congress never advanced.

Flanagan said the zeitgeist on Wall Street in the early 1990s, shortly after the fall of the Berlin Wall and the Soviet Union’s breakup, was very much on privatization. It was difficult to convince Republicans at the time that a new government agency was the solution, but now it may be an idea whose time has come, he said.

“I think people have come around to the idea that you need this,” he said.

While earlier proposals have never gained enough political support to pass, the new proposal is different, Kerry said. With only loans and guarantees, the bank will not be a drain on the treasury beyond the original investment. It would also be smaller than other proposals, reflecting the political reality of the day, he said.

“We have been supersensitive to all of the kinds of hurdles that traditionally this kind of an effort would have to get over,” he said.

Tad DeHaven, a budget analyst with the libertarian Cato Institute, said the idea may have some momentum now because of the budget-cutting mood on Capitol Hill along with lawmakers’ appetites for transportation projects.

But he doubted that it will make much more progress than other proposals have in the past, because it still

constitutes a public subsidy.

“This is going to be dressed up with a box with a ribbon on it that’s going to say taxpayers aren’t on the hook completely,” he said.

Hutchinson, though, said Republican colleagues are supportive and others would eventually join the effort.

Donohue joked about his side-by-side appearance with Trumka — Donohue called them “the new odd couple” — but they both agreed that dealing with the nation’s decaying infrastructure was vital to the national interest.

“Our country is falling further and further behind every day,” Trumka said. “We need to be investing in America.”

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