

# Statement for the Record by U.S. Senator Chuck Hagel

## *Condition of our Nation's Infrastructure: Local Perspectives from Mayors*

-----

U.S. Senate Committee on Banking, Housing, and Urban Affairs

June 12, 2008

-----

WASHINGTON, D.C. – “Chairman Dodd, thank you for holding this important hearing on our nation’s infrastructure. Thanks also to our distinguished witnesses: Mayor John Peyton of Jacksonville, Mayor Mike Bloomberg of New York, Mayor Shirley Franklin of Atlanta, and Mayor Mark Funkhouser of Kansas City. There are few people in the country who have a better understanding of the importance of infrastructure investments than our local leaders – our mayors.

Last year, Mayor Bloomberg announced ‘Plan NYC’ to modernize and improve New York City. He said: “Long-term investments don’t usually make for great politics, which is why they aren’t usually made. But they do make cities great and they have made our city the best in the world.” The same could be said about our nation as a whole. America faces a long-term challenge of making the necessary investments to sustain our quality of life and our competitive position in the world. On Monday, Fareed Zakaria wrote in the Washington Post that “U.S. spending on infrastructure as a percentage of GDP is the lowest in the industrialized world.”

Our nation’s infrastructure is a critical element of our nation’s capability to compete in the global marketplace. No one understands this more than our nation’s local leaders: they have to create a competitive business climate to compete for investment from companies that can choose to locate anywhere in the world.

Earlier this year, Morgan Stanley predicted that emerging economies – including countries throughout Africa, Asia, and the Middle East – will spend twenty two trillion dollars on infrastructure over the next ten years. China alone was projected to invest over nine trillion dollars in its infrastructure over this period of time.

Today, China is building a new port facility at Yangshan, south of Shanghai. It is served by the world's second longest bridge, and when completed, it will have more than thirty berths for the world's largest container ships, and its capacity will be seventy eight percent larger than the capacity of the Port of Los Angeles, our nation's busiest port for container shipments. In 2004, France opened the tallest bridge in the world. This five hundred twenty three million dollar bridge in central France has connected Paris with the south of France. Dubai recently announced a one hundred sixty eight million dollar project to build three new drinking water reservoirs – which will be the largest in the world.

Our nation's local and state leaders are facing many of the same fiscal constraints that we face at the federal level. Nevertheless, each of the mayors testifying today have proposed major infrastructure improvements in their cities: a new light rail system in Kansas City; a congestion pricing plan, a new Subway line, and improved drinking water access in New York; a “downtown master plan” and a wastewater clean-up program in Jacksonville; a draft ‘Comprehensive Transportation Plan’ in Atlanta. These leaders are making these investments – under tight budget pressures – because they understand that investing in our infrastructure is an investment in our future economic well-being.

We must work to find new ways of financing our future infrastructure projects. Legislation which Senator Dodd and I have proposed would create an ‘Infrastructure Bank’ within the Federal government that would have the authority to raise capital by issuing up to sixty billion dollars in tax credit bonds. These bonds could be leveraged by the Bank into even greater levels of funding. The Bank would give loans, grants, or loan guarantees to states and local governments for major infrastructure improvements.

We are in need of new and creative 21st Century ideas, programs, policies, and systems that will address the challenges of our time – including American infrastructure. We have a responsibility to the American people and future generations to ensure that America stays competitive in the 21st Century. We can do it, but we cannot afford to continue to defer the tough decisions any longer.

I look forward to hearing our witnesses testimony, and appreciate their willingness to share their thoughts with us today. Thank you Mr. Chairman.”

###