General Welfare Demands Rebuild U.S. Infrastructure

by Arthur Ticknor

The Aug. 14 deregulation-caused blackout that left 50 million people in darkness, shed light on the so-called "economic recovery": All of the nation's infrastructure is similarly decayed, making day-today existence increasingly precarious. Current failed economic policies, such as deregulation and "free trade," must be reversed immediately, and this nation must return to the general welfare principle expressed in the Preamble of the U.S. Constitution or, as the blackout showed, "We ain't seen nothin' yet." New York City, for example, it depends on two antiquated, leaking tunnels for most of the 1.3 billion gallons of water it uses each day. There's no way to fix them until construction is nearly complete on a third tunnel, begun in 1969. Repairing the tunnels would require the city to turn off the water; but, lacking a backup supply, there would be severe shortages. More important, the valves are so brittle, that engineers worry that if they close them, they will not be able to open them back up. If City Tunnel No. 1 caves in, as many experts fear it could, then all of Lower Manhattan and downtown Brooklyn would lose its water supply; if the aqueducts failed, the entire city would go dry. No water for drinking, hospitals, or fighting fires—a "potential apocalypse."

Already, while the Cheney-usurped Bush Administration peddles the "recovery is here" hoax, Americans face a daily nightmare of congested roads, rickety bridges, bursting water mains, and dilapidated schools. If America fails to invest in its deteriorating transportation, water, and energy systems—infrastructure which had "long set the standard for the world"—then, "anything" could happen. That's the message of the American Society of Civil Engineers in its 2003 "Progress Report for America's Infrastructure," released Sept. 4, as Congress reconvened. The grim report is a follow-up to ASCE's 2001 "Report Card," which graded 12 infrastructure categories at a discouraging D+ overall, and estimated the need for $1.3 trillion in investments over five years, just to return conditions to acceptable levels. In 1988, a Presidential commission had graded U.S. infrastructure (minus energy and schools) with a "C" overall.

Since 2001, the ASCE found, conditions "continue to decline" for the nation's roads, transit systems, energy, drinking water, wastewater, dams, and navigable waterways, even as population and demand increases. In addition, there was "no progress" in the condition of bridges, aviation, schools, or treatment of solid waste or hazardous waste. "Recovery" rhetoric aside, no category showed improvement. Now, the cost to repair and expand infrastructure, which "provides the foundation for our economy," has jumped to $1.6 trillion over a five-year period, ASCE estimates (see **Table 1**).

TABLE 1
U.S. Aged Infrastructure Deteriorating

Category	2001 Grade	2003 Status
Roads	D+	Declining
Bridges	C	No progress
Transit	C–	Declining
Aviation	D	No progress
Schools	D–	No progress
Navigable Waterways	D+	Declining
Drinking Water	D	Declining
Wastewater	D	Declining
Dams	D	Declining
Solid Waste	C+	No progress
Hazardous Waste	D+	No progress
Energy	D+	Declining

Total investment needs: $1.6 trillion over five years

Source: American Society of Civil Engineers *Progress Report for America's Infrastructure.*

For more than three decades, speculators have looted the nation's investments in infrastructure and the manufacturing base, under "free market" mania, along with deregulation and fiscal austerity, in order to build up a speculative financial bubble. Under President Nixon, the United States went from being the world's leading producer nation, into becoming a "post-industrial" pleasure society, plunging deeper into bankruptcy, as it preyed on its own citizens, its posterity, and cheap-labor poor nations. Think of how Lazard Frères' Felix Rohatyn destroyed New York City in 1975, with his Mutual Assistance Corp. "Big MAC" austerity racket. And, how Federal Reserve Chairman Paul Volcker, in 1979, achieved his "controlled disintegration" of the U.S. economy, with interest rates that hit a usurious 20%.

The continuing destruction of the productive labor force—which makes the physical economy of a nation function—was revealed by the mounting losses in manufacturing jobs in August. The Bureau of Labor Statistics' "establishment survey" shows that the U.S. economy lost 93,000 payroll jobs in August. Of these, a further 44,000 manufacturing workers' jobs were eliminated, the 37th consecutive month in which manufacturing jobs have been axed. Since July 2000, more than 2.7 million manufacturing jobs have been slashed, gutting more than 15% of the manufacturing workforce. Of these, nearly 2.3 million *manufacturing production jobs* were eliminated—workers who physically alter nature to improve mankind's existence, such as making electrical generators or water tunnels.

The only solution for the current economic breakdown, is to write off unpayable, speculative debts; and issue long-term government credit for large-scale infrastructure projects, which boost productive employment and create physical wealth. President Franklin Roosevelt's TVA program was a model for reversing the disaster wrought by the Coolidge and Hoover Administrations, and providing many U.S. households with their first electricity. Leading Democratic Presidential pre-candidate Lyndon LaRouche has spearheaded a a similar fight, with his campaign Special Report, *How To Reconstruct a Bankrupt World,* for the United States to lead a 25-year mission centered on industrializing Eurasia, in cooperation, not competition, with China, Russia, India, and Europe.

This "technology transfer" approach combined with emergency infrastructure projects in the Americas, such as high-speed rail and a North American Water and Power Alliance, would act as a "science-driver" for the moribund U.S. economy, giving a boost to manufacturing and reviving the crucial machine-tool sector. In committing itself to technological and scientific progress by developing the cognitive powers of its citizens, the United States would renounce the fascist austerity of the Warren Buffett-Robert Mundell synarchists, and honor its dedication to the general welfare principle of Benjamin Franklin.

As detailed in the *Economics* lead article, the European Union, under Italy's presidency for this semester is moving in this direction. Italy, France, and Germany, especially are taking the lead in a push for large-scale European infrastructure investment projects known as the "Tremonti Plan," for its author, Italian Finance Minister Giulio Tremonti. No small part of this campaign is overthrowing the straitjacket regulations of the Maastricht Treaty, which limited EU members from increasing their national budet deficits to more than 3% of GDP, which would preclude any credit generation for infrastructure investments.

In a similar spirit, China recently inaugurated a maglev train in Shanghai as part of plans for 8,000 km of high-speed rail, and is forging ahead with the Three Gorges Dam project to control the devastating floods on the Yangtze and provide hydropower to millions of Chinese. Southeast Asian nations, and China, are launching a Mekong River infrastructure development project; and Thailand seeks to start a $21 billion Transportation Revolution with electric and high-speed rail.

Contrast these true jobs-creation programs, with the Bush Administration's nonsensical blaming of China for U.S. manufacturing job losses, claiming that if China's revalues its currency, that would stem the jobs hemorraghing in the United States.

The ASCE report insists, that Federal action is urgently needed, not only for Congress to authorize critical funding to repair and upgrade infrastructure, but also to create a "long-term infrastructure agenda" for the nation, echoing LaRouche's proposal for a Super-TVA. "We must adopt a coordinated national approach, to the development and maintenance of our infrastructure," urges ASCE President Thomas Jackson. Jackson called on Bush to appoint a new Federal commission "to develop America's infrastructure agenda for the 21st Century."

China, Brazil, India Join Battle in Cancun

by Ramtanu Maitra

The World Trade Organization (WTO) Fifth Ministerial negotiations in Cancun, Mexico, which began on Sept. 10, may lay the ground for the evolution of the global trading system. But, if the developed countries continue to resist pressures from the developing countries—now led by India, China, and Brazil, which seem more determined than ever to balance asymmetries in the development agenda—the meeting will fail. At the time of writing, the developing and the developed nations are both in a fighting mood.

The ministerial conference in Cancun is taking place almost two years after the Doha meeting in November 2001, and is dealing with three unresolved issues:

- The four-point Singapore issues—trade facilitation, transparency in government procurement, competition policy, and investment. These issues are called "Singapore issues" because they were set up at the 1996 WTO Ministerial Conference held in Singapore.
- Patents.
- Compulsory licensing by countries without domestic manufacturing capacity and agriculture.

Some Differences Within

At this point in time, the developing nations from South Asia and Africa have made clear they are not ready for negotiations because they have not reached consensus on these issues. The East Asian and Ibero-American developing nations have not rejected the negotiation process outright, but have indicated that they might if they don't get satisfaction on other issues.

By far the most contentious issue is the subsidies that the developed nations' farmers get from their governments. The developing nations charge that the large export subsidy given by the developed nations to their farmers prevent developing countries' farmers from entering the international market and exporting their products. The developing nations have identified five specific agricultural trade policy objectives:

1. Ending export dumping: WTO rules already call for a total ban on dumping—the selling of goods into the global market at prices below the cost of production. While these rules are strictly enforced for most industrial goods, they are generally ignored for agricultural commodities.

2. Supporting fair trade: There is broad support for the general concepts of certified fair trade—the independent (non-governmental) system of agreements between produc-