

On September 21, 2011 the National Committee of the Social Democrats USA passed the following resolution "On a National Infrastructural Bank"

### **On a National Infrastructural Bank**

Whereas in spite of the fact that the economic prosperity and sustainability of the United States is endangered by its long term deficit problem, the current economic crisis of ongoing joblessness, low levels of economic growth, and high budget deficits at the federal and state and local levels is caused by an ongoing lack of consumer demand caused by high levels of consumer debt and unemployment.

Whereas this lack of consumer demand in the foreseeable future will continue to reduce US economic growth and increase national levels of joblessness and deficits.

Whereas the United States has since 1970 been under-investing by as much as 1% of its annual GDP in needed infrastructure in roads, mass transit, water and sewage treatment plants, and other forms of national infrastructure.

Whereas at this time the infrastructural quality of the United States has been ranked as a "D" according to the American Society of Civil Engineers.

Whereas The United States now has an infrastructural deficit of \$2 trillion dollars according to the same American Society of Civil Engineers and this deficit will have to be made up if the United States is to continue to be an economical advanced world power and stay competitive to Russia, China and other developing societies.

Be it resolved that the Social Democrat USA will support the most effective proposals for a National Infrastructural Bank particularly as presented by such advocates as Felix Rohatyn, Bernard Schwartz and organizations such as the Third Way. The Social Democrats USA sees the development of an effective and politically independent National Infrastructure Bank as being at the center of the solution to the nation's current crisis of low economic growth, high rates of joblessness, and deficits at both federal and state levels and of course this nation's currently weakened infrastructure. The National Investment Bank would have the following powers, purposes and aspects to achieve its goals.

1) The purpose of the National Infrastructure Bank will be to invest in areas of the nation's infrastructure i.e. in roads, mass transit, water and waste treatment plans, and other vital areas of national infrastructure. Such investments will not replace private, state, and local investment in these areas but they on the contrary will stimulate and encourage the investment of governmental and private capital in these projects. According to Bernard Schwartz an internationally important investment banker and a leader of the Third Way, a centrist think tank, such investments by a National Investment Bank should be able to leverage 5 to 6 times its investments in private and other capital. Thus an investment by the NIB of \$100 million should be able to leverage perhaps \$500 or \$600 million dollars in private capital.

2) The investments to be made by the National Infrastructure Bank will be financially sound. All investments will be expected to yield an adequate return on the capital invested in interest or other incomes. The bank will operate on a sound economic basis.

3) The National Investment Bank will prioritize its investments based on criteria such as job creation, economic benefit to nation, region or state, national energy Independence, environmental sustainability, and other socially important criteria.

4) The National Investment Bank would be a stand alone organization. The members of its executive board would be appointed by the President of the United States and approved by the US Senate. This board would have full authority over the policies and activities of the Bank subject to presidential and congressional oversight.

Summery: While the issue of whether President Obama can afford politically to invest his political capital in the push for a strong National Investment Bank can be debated, what can not be denied is that citizens groups and organizations committed to social justice for the people of this nation need to push for the programs that will support the prosperity of this nation and justice for its people. That is what a National Infrastructure Bank will do. That is the reason the Social Democrats USA supports a National Infrastructure Bank.