Statement of Senator John F. Kerry
Senate Banking Committee Hearing on Infrastructure Bank
September 21, 2010

Mr. Chairman and Senator Shelby, I wanted to thank you for the opportunity to testify at this hearing to explore ways to develop a National Infrastructure Bank. Rising economic powers around the world are investing in their future – we need to do the same before we are left behind.

Chairman Dodd, I also wanted to take this opportunity to thank you for your efforts to enact historic financial reform and for your great work as Chairman and as a member of this Committee for the past 30 years. As a former member of the Senate Banking Committee, I know your efforts have helped to restore confidence in our capital markets and our financial institutions and provided critical new protections to consumers from financial fraud and abuse.

Mr. Chairman, I also want to thank you for your leadership in bringing attention to the critical need to renew and expand America's infrastructure. I believe we must work together in a bipartisan manner to find new ways to finance infrastructure projects that create jobs and increase our economic competitiveness.

There are many ideas about how to do this. However, the costs of tackling this problem are high and it's clear to me that the best way – and the most efficient way - is to create an infrastructure bank for the United States. Already, a diverse bipartisan group supports the idea of a national infrastructure bank including the Chamber of Commerce, the AFL-CIO and SEIU.

We need to create new and strong incentives for investment here in the building blocks for economic competitiveness – roads, bridges, rail, aviation and other essential infrastructure.

This is an idea whose time has not just come but is long overdue. And Americans know it. Every day, during their commute to work, they drive on broken roads and crumbling bridges. They are paying more to fly and spending more time in the air than they should because we have failed to invest in modern radar and upgrades to our airports. They travel a rail system that is, for the most part, the product of another century. And they live in communities that too often are unable to properly manage their natural resources.

How bad is it? Our infrastructure earned a "D" rating from The American Society of Civil Engineers, who has estimated that it would cost more than $2 trillion to bring our country's existing infrastructure to an acceptable level. We are talking about staggering sums here, and it clearly reflects just how much we have neglected our infrastructure – and just how much we need to do in the years ahead. To bring that level of investment to market will require a partnership with the private sector and the proper delivery of private capital catalyzed by public funds and loan guarantees.

Well-functioning infrastructure is not a luxury – it is the key to connecting our people and creating millions of middle-class jobs for American workers over the long term. And it is vital to our economic future in the face of global competition. Our growth and exports are directly tied to how our infrastructure operates. Quite simply, we are falling behind many of our main economic competitors, and the further we fall behind in this race, the harder it will be to catch up.

For example, China's 2009 infrastructure spending is estimated at 9 percent of GDP, or $350 billion, and is growing at an annual rate of 20 percent. China's highway mileage is expected to surpass the United States' in under three years.

Europe's infrastructure bank, the European Investment Bank, financed $350 billion in projects from just 2005 to 2009 across the European continent, helping modernize seaports, expand airports, build rail lines and reconfigure city centers.

And Brazil has invested over $240 billion in their infrastructure in the past three years alone, with an additional $340 billion planned for the next three years. Brazil has unveiled major initiatives to invest in infrastructure ahead of hosting the World Cup and Olympics, using their own infrastructure bank as a key tool to finance this massive expansion.

To get back in the game we need more than the existing municipal bond market system, which is already struggling to support over 80% of infrastructure investment in the United States. We have to do more than our existing federal government programs, which have been squeezed by the recent economic downturn and budget deficits. Fundamentally, what we need is an American infrastructure bank that complements our public efforts and acts as a catalyst for significant private investment.

If done right, I believe an infrastructure bank can change the playing field. It would finance projects from high-speed rail to air and sea ports, all with the expectation of being repaid. It would lend directly to economically viable projects of both national and regional significance, without political influence. It would be run in an open and transparent manner by experienced professionals and have meaningful Congressional oversight.

Americans have always been builders. We built a transcontinental railroad. We built an interstate highway system. We went to the moon. But for too long now, we have lacked adequate investments in our infrastructure and what building we have done has been without a long-term strategic plan. A national infrastructure bank will change that. A national infrastructure bank will make Americans builders again.

In deciding whether to create a national infrastructure bank, we should also consider this: When President Eisenhower signed the law creating the Interstate Highway System; he noted that, "Together, the united forces of our communication and transportation systems are dynamic elements in the very name we bear – United States. Without them, we would be a mere alliance of many separate parts." What was true then is still true today.