



No alternative to a National Infrastructure Bank

Special to the AAS

The latest attempt to reach bipartisan agreement in Congress on a national infrastructure program resulted in a Bipartisan Infrastructure Framework (BIF), unveiled 24 June. As the Washington Insider of 23 June anticipated (“[National Infrastructure Bank bill introduced, gains support](#)”), the package totals US\$579 billion in new spending over the next decade. Twenty-one senators, from both major political parties, announced the BIF as “a historic investment in America’s critical infrastructure needs, [to] advance cleaner technologies, create jobs, and strengthen American competitiveness, without raising taxes”. They have backing from the Problem Solvers Caucus in the House of Representatives, a bipartisan group of 58 congressmen.

On 24 June the White House issued a fact sheet titled “President Biden Announces Support for the Bipartisan Infrastructure Framework”, in support of the BIF’s goals. It highlighted among the agreements: “Create a first of its kind Infrastructure Financing Authority [IFA] that will leverage billions of dollars into clean transportation and clean energy.”

The IFA had already been introduced in both houses of Congress on 29 April, as part of a bipartisan initiative called the Reinventing Economic Partnerships and Infrastructure Redevelopment (REPAIR) Act. This bill had been introduced in the previous Congress in May 2019, but was never moved to the floor for debate and a vote.

While the idea of establishing the IFA appears, at first glance, to be a positive step, a closer look confirms our warning that nothing in the bipartisan Congressional package, so far, could be called “transformative”. The IFA outline falls far short of meeting the USA’s need for a 21st-century infrastructure platform, with a nationwide high-speed rail grid; expanded nuclear power, paving the way to thermonuclear fusion power; modernisation of ports, bridges, tunnels, highways and dams; and construction of broadband networks.

Budget insanity

The proposed IFA would initially be funded by a US\$10 billion appropriation from Congress, which would require compliance with the *Statutory Pay-As-You-Go Act* (PAYGO) of 2010, which mandates that all new spending be offset by either revenue generation or budget cuts. The Office of Management and Budget is responsible for “scoring” all spending legislation and estimating costs over five- and ten-year periods. This austerity mandate was first passed by Congress during the Presidency of George H.W. Bush in 1990, expired in 2002, and was reintroduced and signed into law by President Barack Obama in February 2010.

The sponsors of the REPAIR Act cite the most recent report by the American Society of Civil Engineers (ASCE), which calls on the Federal government to spend an additional US\$5.8 trillion over currently allocated infrastructure spending, just to maintain breakeven in 16 categories of vital infrastructure over the next decade. The IFA would barely make a scratch in that needed investment.

A President in the image of Franklin Roosevelt could transform something like the IFA into a much larger source of funding, as FDR did with the Reconstruction Finance Corporation (RFC). That agency had been created in 1932 by

President Herbert Hoover, to bail out the bankrupt railways and the banks that were holding non-performing railway debt. FDR and Jesse Jones, head of the RFC, transformed it into an equivalent of a national bank, which financed the New Deal during the Great Depression and the Arsenal of Democracy industrial mobilisation to defeat the Nazis.

No sleight of hand to make a tiny new IFA meet PAYGO requirements will work. According to the White House Fact Sheet, the BIF is to be financed by, in addition to the US\$10 billion IFA, US\$65 billion in one-time revenue generated by the sale of 5G broadband licences; US\$80 billion in funds appropriated from unspent COVID relief money; US\$6 billion in oil sales from the US Strategic Reserve (which would have to be later replenished); US\$70 billion in cuts in unemployment benefits; improved tax collection; tolls and fees on existing and new highways; and extension of Federal superfund (environmental clean-up) fees.

While the BIF sponsors talk about US\$1.2 trillion in infrastructure spending over the next decade, their deal accounts for only US\$579 billion in new investment. That is one-tenth the funding needed under the ASCE’s estimates.

A stark lesson, and the solution

On 24 June a 12-storey residential building collapsed in Surfside, Florida, north of Miami. As of this writing, the official death toll is 95 people. A 2018 engineering study had warned residents that their building’s foundation was in urgent need of US\$9 million in repairs.

The story of Champlain Towers grabbed international headlines and led President Biden to visit the site. It is a metaphor for the state of America’s infrastructure, which has gone through 60 years of underinvestment, deferred maintenance, and disintegration.

Until a genuine national bank is established to provide long-term capital for a complete overhaul, the situation will remain the same. As we reported in our 23 June column, legislation already exists that adequately addresses the infrastructure emergency. On 16 May 2021 Rep. Danny Davis (Democrat of Illinois) introduced the National Infrastructure Bank Act (H.R. 3339), which would create a Hamiltonian national infrastructure bank, independent of Congressional spending and scaled to issue US\$5 trillion in capital investments and loan guarantees for infrastructure projects over the next 10 years.

The NIB, unlike the IFA, would be a federal government-created commercial bank, capitalised by public and private deposits of US Treasury bonds, state and municipal bonds, and a credit line from the Federal Reserve. By receiving US\$50 billion a year in Treasury and other public bond deposits in return for dividend-bearing capital stock in the bank, NIB could issue US\$500 billion a year in low-interest funds for viable infrastructure projects—US\$5 trillion of investment over the next decade. With no Congressional funds appropriation, the NIB would be “budget neutral” and not subject to the insanity of the PAYGO law.

Since Republicans have united around blocking any new taxes and PAYGO blocks substantial Congressionally-funded investment in infrastructure, the only viable

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co-chairs Senators Kimberley Kitching and James Paterson are members of Canberra's juvenile US-loyalist "Wolverine" clique. Lying that Apple "fearlessly defends the rule of law and promotes democracy ... on a mass scale, reaching millions every day", de Pulford wrote that "According to Mark Simon, Mr Lai's closest aide, the paper has \$50 million in the bank, but the police order against it is so expansive that the money can't be used—even to pay staff. ... Hong Kong's biggest newspaper [sic!] is being cynically asphyxiated." Which is arrant nonsense since, as Vittachi notes, "The HK\$18 million that the government froze was a small sum for a paper for a company with HK\$95 million in revenues every month, financial analysts say. *The paper itself boasted of having cash accounts of HK\$531 million [US\$68.4 million], enough to last 18 months.*" (Emphasis added.)

"So why did they close their own paper? As a PR coup", Vittachi wrote, "because they were absolutely confident that the international media, which means the Western media, would not tell the real story.... Oh, and also, it saves them money. *Apple Daily's* stunning lack of popularity among the good, honest, people of Hong Kong, was only eclipsed by its stunning lack of popularity among advertisers. The group has been losing more than HK\$1 million a day, yes, a day, (which is more than US\$1 million a week), amounting to several billion Hong Kong dollars over the past few years." (Emphasis in original.)

Foreign interference

The obvious question which, as Vittachi puts it, "any healthily sceptical person would ask", is given *Apple Daily* was obviously commercially non-functional, what was it really for? The answer lies in its connections to radical anti-China "opposition" groups, right-wing US politicians—and oodles of unaccounted American money.

As the *Australian Alert Service* has reported, Jimmy Lai is not the plucky "independent" publisher his boosters portray him as, but rather a long-time agent of Anglo-American interests in China.¹ Sometimes described as the "Rupert Murdoch of Asia", Lai actually came late to the media game. A protégé of radical free-market economist and British Crown agent Milton Friedman, Lai made his fortune in mainland China with a business empire based on his clothing label, Giordano. "In 1989", American journalist Dan Cohen reported 17 August 2019 for news website *The Grayzone*, Lai "threw his weight behind the Tiananmen Square protests, hawking t-shirts on the streets of Beijing calling for [China's then-leader] Deng Xiaoping to 'step down'. Lai's actions provoked the Chinese government to ban his company from operating on the mainland." He fled to Hong Kong, still a British colony at the time. "A year later", Cohen continued, "he founded *Next Weekly* magazine ... [and] soon became Hong Kong's media kingpin, worth a whopping US\$660 million in 2009."

As Vittachi notes, however, whilst some of Lai's publications were indeed successful, exactly where all the money

came from has never quite been clear. "In fact", he wrote, "the entire financial picture of the media group is an under-reported, under-studied mystery." What is certain is that in addition to blowing millions of his own dollars promoting anti-China radicalism via the *Apple Daily* and, since at least 2014, through direct funding of separatist agitators, Lai has also been a conduit for large amounts of foreign funding towards the same ends. As Vittachi reported, "In late 2014, Western 'revolution consultants' revealed that they had been working with Hong Kong anti-China campaigners for almost two years before the 'Occupy Central' campaign shut down much of the business centre. Leaked documents [including some of Lai's own emails] revealed that Jimmy Lai was secretly handling the finances for those protests: more than HK\$40 million (US\$5.2 million) came from unknown sources and went to hostile groups in Hong Kong."

Lai's right-hand man Mark Simon, who happens to be a former US Navy intelligence officer (and who also happens to have relocated to Taiwan just before the NSL was enacted), was also in on the game. "For example", Vittachi wrote, "in May 2016 the Independent Commission Against Corruption highlighted an undeclared payment of HK\$250,000 from Mark Simon to an opposition politician. It was not clear where the cash originated. But by that time, observers of the Hong Kong scene noted that we very often saw the same factors coming together: Americans, mystery money, Jimmy Lai, and anti-China politicians." And as noted by *The Grayzone's* Cohen, that pattern persisted throughout the 2019 protests-turned-riots that eventually forced Beijing to promulgate the 2020 NSL, the Hong Kong Legislative Council having failed its constitutional obligation to implement one itself.² In July 2019, Cohen reported, "as the ... protests gathered steam, Lai was junketed to Washington, DC for meetings with Vice President Mike Pence, Secretary of State Mike Pompeo, National Security Advisor John Bolton, and Republican Senators Ted Cruz, Cory Gardner, and Rick Scott." All are notorious anti-China war-hawks.

It was for these reasons, as well as for openly soliciting then-US President Donald Trump to "liberate" Hong Kong from China (sedition, in anyone's language), not for "criticising" the Chinese government, that first Jimmy Lai, then five senior *Apple Daily* executives, were arrested under Article 29 of the NSL on charges of collusion with foreign forces to endanger national security. Would any country not do the same? Would Australia or the United States ever tolerate such behaviour, were China sponsoring an attempted communist revolution in Tasmania, or Texas? To ask the question is to answer it.

Even at the best of times, let alone now, with Australia-China relations at their lowest ever ebb thanks to Canberra's cack-handed anti-diplomacy and unthinking obedience to the demands of Anglo-American foreign policy, Australians can ill afford to let such flimsy accusations of human rights violations draw us further down the road towards conflict.

1. "Project Democracy coup machine drives Hong Kong 'protests'", AAS, 28 Aug. 2019.

2. "Hong Kong security law less draconian than Australia's", AAS, 15 July 2020.

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alternative—already in legislative form on the desks of the relevant Congressional committees—is a National Infrastructure Bank on the model of the First and Second Banks of the United States.

The website of the *Coalition for the National Infrastructure Bank* (www.nibcoalition.com) offers videos and

background articles on how the NIB will work, as well as a link to the full text of H.R. 3339. For the historical development of "Hamiltonian" banking, study the ACP's manual on national banking, *Time for Glass-Steagall Banking Separation and a National Bank!*, available at citizensparty.org.au/publications.