

## Cry Wolf Project

### Investing in Infrastructure for Economic Stimulus and Recovery

Jason Scott Smith, Department of History, University of New Mexico

#### Introduction:

Economic stimulus has become controversial. The American Recovery and Reinvestment Act (ARRA), passed by Congress in 2009 and signed into law by President Barack Obama, put public investment back on the policy agenda. ARRA was, as Obama put it, “the most sweeping economic recovery package in our history...[one] that will bring real and lasting change for generations to come.”<sup>1</sup> A number of politicians and experts agreed with Obama. For example, California Governor Arnold Schwarzenegger, drawing on the historical example of Franklin Roosevelt’s New Deal, said, “This is the most perfect time...to lay out a plan to rebuild America, just like Roosevelt has done because it would stimulate the economy and it would stimulate a tremendous amount of jobs.”<sup>2</sup> Economist Mark Zandi, an adviser to John McCain’s 2008 presidential campaign, testified before Congress that public works investment delivers \$1.59 of revenue for every dollar spent, versus \$1.22 for every dollar of tax cuts. “The boost to GDP from every dollar spent on public infrastructure is large,” stated Zandi, “and there is little doubt that the nation has underinvested in infrastructure for some time, to the increasing detriment of the nation’s long-term growth prospects.”<sup>3</sup>

Others, however, have disputed the very notion that government spending could create jobs or stimulate the economy. Economist Thomas DiLorenzo, writing for the Cato Institute, asserts, “Despite the rhetoric of ‘government job creation,’ economic logic denies the possibility that jobs can, on net, be created by government.”<sup>4</sup> Ronald Utt, a senior research fellow at the Heritage Foundation, concurs. “We have no evidence from recent or distant history,” Utt claimed, that public works programs could generate employment or underwrite economic growth.<sup>5</sup>

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<sup>1</sup> Quoted in Marcia Clemmitt, “Public-Works Projects: Do They Stimulate the Economy More than Tax Cuts?,” CQ Researcher 19: 155.

<sup>2</sup> “Late Edition with Wolf Blitzer,” CNN, Nov. 9, 2008, <http://transcripts.cnn.com/TRANSCRIPTS/0811/09/le.01.html>.

<sup>3</sup> Testimony before House Committee on the Budget, Jan. 27, 2009.

<sup>4</sup> Thomas J. DiLorenzo, “The Myth of Government Job Creation,” Policy Analysis No. 48, Cato Institute, Feb. 19, 1984, [www.cato.org](http://www.cato.org).

<sup>5</sup> Quoted in Marcia Clemmitt, “Public-Works Projects: Do They Stimulate the Economy More than Tax Cuts?,” CQ Researcher 19: 155.

Despite Utt's claims, history in fact is replete with evidence from the Great Depression that public investment in infrastructure did indeed generate employment and stimulate economic growth.

### **Legislative History**

While the Great Depression and the New Deal are rightly viewed as pivotal events in United States history, too often this “big bang” in the growth of the American state has served to obscure what one historian has called the “prehistory” of public works policy before the New Deal. Indeed, the idea of using government-funded construction to counter the effects of unemployment dates as far back as the economic downturns of the 1830s, the 1850s, and the 1870s. In 1855, for example, immigration officials in New York put the unemployed to work on the enlargement of the Erie Canal. With the financial panic of 1893, cities and smaller towns began to use public works more extensively in this fashion. These programs, though, were too scattered and too small to have any measurable impact. With the unemployment rate soaring as high as twenty percent, populist leader Jacob S. Coxey captured the nation's horrified attention in 1894 when he led a “living petition” of jobless workers--“Coxey's Army”--from Massillon, Ohio, to Washington, D.C., demanding that the government employ them on public works. For many Americans, this was like watching the traumatic events of Edward Bellamy's popular novel, Looking Backward, leap off the page and spring to life.<sup>6</sup>

While efforts such as Coxey's fell short of success, a growing number of progressive intellectuals, journalists, and politicians began to consider seriously the use of public works to combat unemployment. The founding of the American Association for Labor Legislation (AALL) in 1906 marked an important watershed, as it soon became the central organization for translating concerns over unemployment into concrete policy measures. With funding from men such as John D. Rockefeller and Elbert H. Gary, albeit with tepid support from organized labor, the AALL attracted progressives such as Richard T. Ely, Henry Rogers Seager, Henry Farnam, John R. Commons, John B. Andrews, Irene Osgood, Jane Addams, and Charles Henderson. In 1914, this organization published a four-point plan for the prevention of unemployment, proposing “(1) the establishment of public employment exchanges; (2) the systematic distribution of public work; (3) the regularization of industry; and (4) unemployment insurance.”<sup>7</sup>

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<sup>6</sup> Udo Sautter, “Government and Unemployment: The Use of Public Works before the New Deal,” Journal of American History 73 (June 1986): 59; and Sautter, Three Cheers for the Unemployed: Government and Unemployment before the New Deal (Cambridge: Cambridge University Press, 1991). Also see Arthur D. Gayer, Public Works in Prosperity and Depression (New York: National Bureau of Economic Research, 1935); Ellis L. Armstrong, ed., History of Public Works in the United States, 1776-1976 (Chicago: American Public Works Association, 1976); and see Edward Bellamy, Looking Backward: 2000-1887, Daniel H. Borus, ed. (New York: Bedford Books, 1995 [1887]), 147-48.

<sup>7</sup> For a brief account of the AALL's history, see Kathryn Kish Sklar, “Two Political Cultures in the Progressive Era: The National Consumers' League and the American Association for Labor Legislation,” in Linda K. Kerber, Alice Kessler-Harris, and Kathryn Kish Sklar, eds., U.S. History as Women's History:

While the AALL's plan, entitled "A Practical Program for the Prevention of Unemployment in America," was reprinted several times, public works advocates achieved only occasional legislative success at the state level before the 1930s. Nevertheless, the debate over the merits of using publicly funded construction to ease mass unemployment continued to grow. At the close of World War I, Congress created a new division of the Department of Labor, the Division of Public Work and Construction Development, intended to prod states and cities into conducting public works projects. AALL member Otto T. Mallery headed the Division, but his efforts—consisting mostly of uplifting bulletins sent to various mayors—were limited.<sup>8</sup>

Government attitudes began to shift slightly with President Warren Harding's 1921 conference on unemployment. Although Harding and Commerce Secretary Herbert Hoover stressed that private charity was far more desirable than public assistance, the conference, after hearing from Mallery, recommended that the nation plan for "future cyclical periods of depression and unemployment by a system of public works," even advocating that federal loans be advanced to municipalities during periods of depression. While this recommendation led in the short run only to several bills in the House that failed to attract enough support to pass, it did help to shape the boundaries of the debate over the use of the federal government.<sup>9</sup>

Public works soon began to receive explicit consideration as more than an anti-unemployment measure, as a growing number of policy makers began calling for planned public works projects to be built during periods of depression to stabilize the economy. Washington Senator Wesley L. Jones's 1928 proposal for a "prosperity reserve" of federal public works, for example, viewed federal construction as a macroeconomic tool.<sup>10</sup> Other students of government policy took notice of this activity and linked the

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New Feminist Essays (Chapel Hill: University of North Carolina Press, 1995), 36-62; and Theda Skocpol, Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States (Cambridge: Harvard University Press, 1992), 176-204. For a more extensive treatment, see David A. Moss, Socializing Security: Progressive-Era Economists and the Origins of American Social Policy (Cambridge: Harvard University Press, 1996).

<sup>8</sup> Wilson quoted in Sautter, "Government and Unemployment," 66; see also Gayer, Public Works in Prosperity and Depression, 11; Jack P. Isakoff, The Public Works Administration (Urbana: University of Illinois Press, 1938), 11-12.

<sup>9</sup> Sautter, "Government and Unemployment," 67-8; Joseph Dorfman, The Economic Mind in American Civilization 5 vols. (New York: Viking Press, 1946-59), 4:35-36. On Hoover, see Joan Hoff-Wilson, Herbert Hoover: Forgotten Progressive (New York: HarperCollins, 1975), 90-93; and Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an 'Associative State,' 1921-1928," Journal of American History 61 (June 1974): 116-40.

<sup>10</sup> Gayer, Public Works in Prosperity and Depression, 12. For more on Jones's belief in using public works to advance economic development, see Jordan A. Schwarz, The New Dealers: Power Politics in the Age of Roosevelt (New York: Alfred A. Knopf, 1993), 48-49.

concept of the “business cycle” with public works programs. They argued that government construction contained the potential to minimize the cycle’s depths.<sup>11</sup> A generation of businessmen and politicians soon came to associate public works spending with economic stabilization and economic growth. Leaders such as William Gibbs McAdoo, Herbert Hoover, and Bernard Baruch helped combine a Southern pro-development heritage with a Western desire for infrastructure and growth. This view of federal construction helped the Southern and Western factions of the Democratic party unite behind a shared desire for public works investment.<sup>12</sup> While politicians, businessmen, and civic boosters advocated permanent improvements to public infrastructure, reform-minded organizations such as the National Unemployment League and the AALL also continued to press for nationally planned public works, making the case for their effectiveness as relief measures.

This pressure took on fresh urgency with the stock market crash of 1929. President Hoover moved in early 1930 to increase public road building by \$75 million in order to counter the economic downturn, using planned public works to minimize this oscillation in the business cycle. When this had little effect, Hoover asked Congress to appropriate \$150 million for emergency construction projects and created the President’s Emergency Committee for Employment (PECE). These increases in federal construction, however, were not sufficient, given the enormous decline in state and local construction due to the collapse of revenue sources such as the property tax. PECE chair Arthur Woods responded by advocating more spending on construction than Hoover wanted, eventually resigning in April 1931 to voice his dissatisfaction with the administration.<sup>13</sup> Progressive senators, most notably New York’s Robert Wagner, Wisconsin’s Robert La Follette, Jr., and Colorado’s Edward P. Costigan, along with publishing magnate William Randolph Hearst, led renewed demands for increased spending on public works. In the states, governors such as Franklin D. Roosevelt in New York enacted their own relief programs. La Follette and Wagner, in particular, rose to the forefront of Senate debates over these issues, championing public works measures, employment stabilization, and increased funding for the gathering of labor statistics.<sup>14</sup>

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<sup>11</sup> Isakoff, Public Works Administration, 12-16; Gayer, Public Works in Prosperity and Depression, 7-13; Otto T. Mallery, “The Long-Range Planning of Public Works,” chap. 14 in Business Cycles and Unemployment (New York: National Bureau of Economic Research, 1923).

<sup>12</sup> Schwarz, New Dealers, 43. For an important account that establishes the political activism of farmers in the peripheral regions of the South and Midwest, and emphasizes the political legacies of agrarian populism within the Democratic party in the creation of an activist central state, see Elizabeth Sanders, Roots of Reform: Farmers, Workers, and the American State, 1877-1917 (Chicago: University of Chicago Press, 1999), esp. 13-29; 148-172.

<sup>13</sup> Sautter, “Government and Unemployment,” 79; Joseph Dorfman, The Economic Mind in American Civilization 5 vols. (New York: Viking Press, 1946-59), 5:616-17.; Gayer, Public Works in Prosperity and Depression, 203.

<sup>14</sup> Isakoff, Public Works Administration, 13; Gayer, Public Works in Prosperity and Depression, 12-13; Jordan A. Schwarz, The Interregnum of Despair: Hoover, Congress, and the Depression (Urbana:

With the creation of the Reconstruction Finance Corporation and the signing of the Emergency Relief and Construction Act in 1932, Hoover again seemed to be taking significant steps against the Depression. In doing so, Hoover not only called on his legacy as the “great humanitarian” who directed relief to Europe after World War I, he also drew on his experience during the 1927 Mississippi River flood. This disaster had been an important moment in Hoover’s career, as he took the thankless task of coordinating the battle against the flood and turned it into a potent political platform upon which he began his run for the presidency in 1928.<sup>15</sup> By 1932, three political realities had pushed Hoover towards embracing the RFC and the ERCA: the extreme character of the Depression and the collapse in local revenues, Congress’s drive for a more activist response to relief through public works programs, and the approach of the presidential election later that year. Modeled after the War Finance Corporation of World War I, the RFC provided loans to banks and railroads. Sarcastically termed a “millionaire’s dole” by New York Congressman Fiorello La Guardia, the RFC was roundly criticized for its conservative and narrowly focused lending practices during the first half of 1932.<sup>16</sup>

Produced by a compromise between Hoover, Wagner, and Texas Congressman (and, eventually, FDR running mate) John Nance Garner, the ERCA merits attention not because it was a rousing success—indeed, it was not—but rather because it provided the legislative blueprint for the New Deal’s Public Works Administration. The ERCA broadened the powers of the RFC, with the Act’s first title providing for \$300 million to be loaned to the states for direct and work relief at 3% interest, with the federal government to be repaid out of future federal highway allotments. Title II made \$1.5 billion available to the states as loans for self-liquidating public works projects, such as dams, bridges, and roads, that had the potential to generate revenues that would cover the costs of their construction. The third title appropriated \$322 million for national public works projects such as Hoover Dam, hospitals, military airports and bases, and other public buildings, bridges, and utilities, in order to stimulate the heavy construction industry. Although the \$300 million from Title I was distributed to the states for relief, the second title’s strict self-liquidating requirement and higher interest rates resulted in only \$147 million in projects approved (and of that, only \$15.7 million spent) by the end of December 1932. Title III was even less successful than Title II, with scarcely \$6

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University of Illinois Press, 1970), 23-44; Irving Bernstein, The Lean Years: A History of the American Worker, 1920-1933 (Boston: Houghton Mifflin, 1960), 262-68; J. Joseph Huthmacher, Senator Robert F. Wagner and the Rise of Urban Liberalism (New York: Atheneum, 1968), 60-63; 71-86.

<sup>15</sup> Hoff-Wilson, Herbert Hoover, 114-17; John M. Barry, Rising Tide: The Great Mississippi Flood of 1927 and How it Changed America (New York: Simon & Schuster, 1997), 261-89; 363-95.

<sup>16</sup> Sautter, “Government and Unemployment,” 82-83; Schwarz, Interregnum of Despair, 91-96; 162-78; Bernstein, Lean Years, 467-69; Howard Zinn, La Guardia in Congress (Ithaca: Cornell University Press, 1958), 209; the key historian of the RFC is James Stuart Olson; see his Herbert Hoover and the Reconstruction Finance Corporation (Ames: Iowa State University Press, 1977) and Saving Capitalism: The Reconstruction Finance Corporation and the New Deal, 1933-1940 (Princeton: Princeton University Press, 1988).

million spent on public works. Contractors and the construction industry nevertheless applauded this small level of spending and pushed for even more. Despite these shortcomings, however, the ERCA established an important precedent by proposing new uses of the state's capacities to influence society. The RFC had created a new division to supervise the construction of self-liquidating public works, forging direct financial relationships between the federal government and state and local political subdivisions. The PWA would soon expand and nourish these relationships.

During the 1932 presidential campaign, Franklin D. Roosevelt gained the support of a number of Republican senators who had actively supported the use of public works, including La Follette, Costigan, Bronson Cutting, Hiram Johnson and George Norris. In fact, Costigan and La Follette, together with Robert Wagner, were known as the "three musketeers" in the fight for public works spending. Private contracting organizations, such as the American Road Builders Association, also joined in this fight, calling for the creation of a federal department of public works. The president of the Portland Cement Association urged his fellow contractors "to sell construction to the public, to build business for the industry, to create demand for construction work." The American Federation of Labor's building trades unions echoed these calls, lobbying the government to undertake the widespread construction of public works projects. Unlike many economic sectors, the construction industry had long been characterized by a state of relative cooperation between contractors and labor. Both parties agreed that more government-sponsored investment would be welcome.<sup>17</sup>

The legislative centerpiece of the first one hundred days of Roosevelt's first term was the National Industrial Recovery Act. Title I of the NIRA suspended antitrust laws and called for industries to draw up codes of industrial production, in order to guard against the dangers of competition. This title also provided labor with the right to organize and bargain collectively with employers. Title II of the NIRA called for the creation of a Federal Emergency Agency for Public Works, or as it soon came to be known, the PWA. Both Labor Secretary Frances Perkins and Senator Wagner supported the legislative separation of the codes from the public works program, a decision which later preserved the PWA after the Supreme Court ruled the National Recovery Administration unconstitutional. In Roosevelt's opinion, the NIRA was "the most important and far-reaching legislation ever enacted by the American Congress."<sup>18</sup>

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<sup>17</sup> Ickes, Back to Work, 12; William E. Leuchtenburg, Franklin D. Roosevelt and the New Deal (New York: Harper & Row, 1963), 12-13; Frank Freidel, Franklin D. Roosevelt: The Triumph (Boston: Little, Brown, 1956), 323-71; "Resolutions Adopted by Highway and Building Conference," Roads and Streets 76 (Feb. 1933): 73; Edward J. Mehren, "Selling Construction to Public Through a United Industry," Roads and Streets 76 (March 1933): 114; "Wide-Spread Relief Projects," American Federationist 40 (June 1933): 622-26; "A Normal Program for Public Works Construction to Stimulate Trade Recovery and Revive Employment," The Bulletin of the General Contractors Association 23 (May 1932): 97-100.

<sup>18</sup> Frances Perkins, The Roosevelt I Knew (New York: Viking Press, 1947), 272; Reeves, "The Politics of Public Works," 9-12.; FDR quoted in Ellis W. Hawley, The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence (Princeton: Princeton University Press, 1966), 19.

From the construction industry, one of the sectors hit hardest by the Depression, professional building contractors welcomed a chance to go back to work on government contracts. Organized labor—especially the American Federation of Labor building trades, the “citadel” of the AFL—similarly looked forward to a return to employment. Progressive organizations such as the National Unemployment League, the United Relief Program, the National Conference of Catholic Charities, and the Joint Committee on Unemployment, also supported public works, expecting that these projects would provide a broad-based relief of unemployment.<sup>19</sup> Opponents of public works spending in the 1930s made two general points: first, the program of public works was very slow in getting underway. Business Week, for example, complained that Ickes was essentially “running a fire department on the principles of a good, sound bond house.” Second, critics claimed that the New Deal’s public works programs—especially the Works Progress Administration, or WPA (created in 1935)—were building useless “boondoggles” instead of sound infrastructure.<sup>20</sup>

The PWA, however, relied not on social welfare professionals, but rather on personnel with a background in civil engineering and construction, drawing on the Army Corps of Engineers, private engineers, and municipal officials with experience in public works construction for its personnel. Overall, the PWA built streets, highways, roads, and bridges; schools; and public buildings such as court houses, post offices, auditoriums, armories, city halls, prisons, community centers, and government office buildings. The PWA also directed monies towards public housing projects, massive flood control and reclamation projects, a modernization program for the nation’s railroads, and paid for the construction of several vessels for the Navy. Notable projects funded by the PWA include such efforts as the overseas highway connecting Key West to Florida, the Grand Coulee Dam, the Lincoln Tunnel, the Triborough Bridge, and the San Francisco-Oakland Bay Bridge. By July 1936 one or more PWA school project had been placed in 47% of

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<sup>19</sup> Robert D. Kohn to Louis Howe, March 10, 1933; and Dwight L. Hoopingarner, “Memorandum on Public Works,” May 9, 1933; both in “OF 140 Public Works” folder, box 1, Official File 140, Franklin D. Roosevelt Papers, Franklin D. Roosevelt Library; Corrington Gill, “The Effectiveness of Public Works in Stabilizing the Construction Industry,” Proceedings of the American Statistical Association, n.s., 28, suppl. (March 1933): 196-200; Reeves, “Politics of Public Works,” 11-12; Stephen B. Adams, Mr. Kaiser Goes to Washington: The Rise of a Government Entrepreneur (Chapel Hill: University of North Carolina Press, 1997), 33-62; Booth Mooney, Builders for Progress: The Story of the Associated General Contractors of America (New York: McGraw-Hill, 1965); Mark Perlman, “Labor in Eclipse,” in John Braeman, Robert H. Bremner, and David Brody, eds., Change and Continuity in Twentieth-Century America: The 1920s (Columbus: Ohio State University Press, 1968), 112; Christopher L. Tomlins, “AFL Unions in the 1930s: Their Performance in Historical Perspective,” Journal of American History 65 (March 1979): 1021-42; and William Green, “Employment is Essential for Business Recovery,” Engineering News-Record, May 18, 1933, 611-12.

<sup>20</sup> Business Week, August 26, 1933, clipping, “Editorials 1” folder, box 157; “What About Public Works, Secretary Ickes?” clipping from the St. Louis Post-Dispatch, August 25, 1933, “Editorials 1 1933-1935” folder; both in box 157, Harold L. Ickes Papers, Library of Congress Manuscript Division.

all counties. The PWA also explicitly targeted some of its school and several of its hospital projects for African-Americans, building in 24 states but concentrating its efforts in North Carolina, Alabama, Georgia, Florida, Missouri, and Tennessee.<sup>21</sup>

### **CRYING WOLF:**

Opponents of public works spending today advance a different mix of themes than opponents used during the Great Depression. In addition to arguing that public spending on infrastructure takes too long to work, that public works are simply boondoggles, or that public works projects are less effective than tax cuts in stimulating the economy, many opponents of public spending argue that investment in public works projects has no economic impact whatsoever. “Americans might well rue the day when they trusted the federal government to spend the nation into prosperity,” asserts Jacob Hornberger, the president of the Future of Freedom Foundation. “It just isn’t going to happen.”<sup>22</sup> Public spending to improve the state of the nation’s schools, states Lisa Snell of the Reason Foundation, “is unlikely to spur improvements.”<sup>23</sup>

In the same vein, former Republican National Committee Chairman Michael Steele has charged, “Not in the history of mankind has the government ever created a job. Small-business owners do, small enterprises do, not the government. When the government contract runs out, that job goes away.”<sup>24</sup> The Wall Street Journal editorial board has declared that public investments are not worthwhile in any respect, arguing instead that they “are by definition made for political purposes, rather than for their highest possible return.” The former governor of Alaska, Sarah Palin, has argued that public investment in infrastructure during an economic downturn “defies economy practices and principles that tell ya ‘you gotta quit digging that hole when you are in that financial hole.’”<sup>25</sup>

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<sup>21</sup> Jason Scott Smith, Building New Deal Liberalism: The Political Economy of Public Works, 1933-1956 (Cambridge: Cambridge University Press, 2006).

<sup>22</sup> Jacob G. Hornberger, “Obama’s Public-Works Folly,” “Hornberger’s Blog,” The Future of Freedom Foundation, Jan. 5, 2009, [www.fff.org](http://www.fff.org).

<sup>23</sup> Lisa Snell, “Huge Stimulus Plan Won’t Change the Education System’s Status Quo,” Reason Foundation, Jan. 27, 2009, <http://reason.org>.

<sup>24</sup> Wolf Blitzer, “The Situation Room,” transcript, CNN.com, Feb. 2, 2009, <http://transcripts.cnn.com/TRANSCRIPTS/0902/02/sitroom.02.html>.

<sup>25</sup> “The Great Misallocators: What Barack Obama and General Electric have in common,” Wall Street Journal, January 26, 2011, [http://online.wsj.com/article/SB10001424052748704698004576104172158318768.html?mod=WSJ\\_Opinion\\_LEADTop](http://online.wsj.com/article/SB10001424052748704698004576104172158318768.html?mod=WSJ_Opinion_LEADTop), and Palin quoted in the New York Daily News, June 8, 2009, [http://www.nydailynews.com/news/politics/2009/06/08/2009-06-08\\_sarah\\_palin\\_rips\\_president\\_obama.html](http://www.nydailynews.com/news/politics/2009/06/08/2009-06-08_sarah_palin_rips_president_obama.html).

These rhetorical claims are not backed up by the evidence, according to a recent study made by Mark Zandi, an economic adviser to John McCain's 2008 presidential campaign, and Princeton economist and former vice chairman of the Federal Reserve Alan Blinder. In contrast, Zandi and Blinder found that the economic stimulus provided by the Obama administration's ARRA, in conjunction with the bailout of Wall Street begun under the Bush administration, saved about 8.5 million jobs and added about 11.5 percent to the nation's GDP in 2010.<sup>26</sup>

## CONCLUSION:

The Council of Economic Advisers recently reported that the United States presently spends two percent of its gross domestic product on investments in infrastructure, while, in comparison, European nations spend about five percent of GDP, and China roughly nine percent. While other nations are undertaking major public works projects to create jobs and invest in economic growth—from Algeria's \$11.2 billion east-west highway; a planned \$10 billion bridge linking the Indonesian islands of Java and Sumatra; China's \$60 billion Yangtze River diversion project; Australia's plans to spend \$38 billion to ease traffic in Melbourne; Britain's planned \$45 billion high-speed rail linking London and the West Midlands; to Japan's \$70 billion highway connecting Tokyo and Osaka, to name but several—the United States is falling behind.<sup>27</sup>

Mainstream elected officials, business leaders, and labor leaders all agree that investment in the nation's infrastructure is an effective and smart use of public revenues. Following President Obama's 2011 State of the Union address, Tom Donohue, the president of the U.S. Chamber of Commerce, and Richard Trumka, the head of the AFL-CIO, issued a joint statement declaring "America's working families and business community stand united in applauding President Obama's call to create jobs and grow our economy through investment in our nation's infrastructure." Donohue and Trumka continued, arguing that "Whether it is building roads, bridges, high-speed broadband, energy systems and schools, these projects not only create jobs and demand for businesses, they are an investment in building the modern infrastructure our country needs to compete in a global economy. With the U.S. Chamber of Commerce and the AFL-CIO standing together to support job creation, we hope that Democrats and Republicans in Congress will also join together to build America's infrastructure."<sup>28</sup>

<sup>26</sup> Alan S. Blinder and Mark Zandi, "How the Great Recession Was Brought to an End," July 27, 2010, <http://www.economy.com/mark-zandi/documents/End-of-Great-Recession.pdf>

<sup>27</sup> David Porter and Michael Rubinkam, "US shuns some big public works projects," *Boston Globe*, October 21, 2010, [http://www.boston.com/news/local/massachusetts/articles/2010/10/21/us\\_shuns\\_some\\_big\\_public\\_works\\_projects/?page=full](http://www.boston.com/news/local/massachusetts/articles/2010/10/21/us_shuns_some_big_public_works_projects/?page=full)

<sup>28</sup> Donohue and Trumka quoted in [http://voices.washingtonpost.com/plum-line/2011/01/us\\_chamber\\_endorses\\_obamas\\_cal.html](http://voices.washingtonpost.com/plum-line/2011/01/us_chamber_endorses_obamas_cal.html).

Opponents of such investments deny that public works spending has any discernable impact on the nation's economy or unemployment rate. These individuals are crying wolf. They are not only impoverishing the state of debate and discourse on this issue, by ignoring both reality and history they are also impoverishing the nation during a severe recession.

**APPENDIX A: ADDITIONAL SOURCES**

**CONTEMPORARY ARTICLES:**

Michael Cooper, "U.S. Infrastructure Is in Dire Straits, Report Says," The New York Times, Jan. 28, 2009, p. A16.

Martin Feldstein, "Defense Spending Would Be Great Stimulus," The Wall Street Journal online, Dec. 24, 2009, <http://online.wsj.com>.

Edward Glasser, "Infrastructure Needs a Bill of Its Own," The Boston Globe, Feb. 6, 2009, p. A15.

Peter Nicholas and Janet Hook, "Jobs, Energy Key to Obama Stimulus Plan," The New York Times, Dec. 6, 2008, p. C1.

Catherine Rampell, "Layoffs Spread to More Sectors of the Economy," The New York Times, Jan. 27, 2009, p. A1.

Christina Romer and Jared Bernstein, "The Job Impact of the American Recovery and Reinvestment Plan," White House, Jan. 9, 2009, [http://otrans.3cdn.net/45593e8ecbd339d074\\_I3m6bt1te.pdf](http://otrans.3cdn.net/45593e8ecbd339d074_I3m6bt1te.pdf).

Shorris, Anthony, "Breaking Down Walls: Overcoming Institutional Barriers to Infrastructure Investment," The Century Foundation, 2008, [www.tcf.org/publications/economicsinequality/shorris.pdf](http://www.tcf.org/publications/economicsinequality/shorris.pdf).

**HISTORICAL:**

Anthony Badger, The New Deal: The Depression Years, 1933-1940 (New York: Hill and Wang, 1989).

David Kennedy, Freedom from Fear: The American People in Depression and War, 1929-1945 (Oxford: Oxford University Press, 1999).

Scott Myers-Lipton, Rebuild America: Solving the Economic Crisis through Civic Works (Boulder, CO: Paradigm Publishers, 2009).

Jason Scott Smith, Building New Deal Liberalism: The Political Economy of Public Works, 1933-1956 (Cambridge: Cambridge University Press, 2006).

