

...DeFazio speaks out on ARRA

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prevailing wage on federally-funded construction projects.] I also think the money that went to keep teachers working and educate our kids I look at as an investment in the future, and it preserved a lot of jobs.

But the tax cuts and a bunch of other stuff that was just tossed in with no thought, like \$30 billion for health care information technology ... what was that doing in a [recovery] bill?

Right. Raising the cap that prevents the alternative minimum income tax from pinching middle-income families was in there, and that's something Congress does every year. And the Making Work Pay tax credit — that was from Obama's 2008 campaign, which wasn't presented at the time as a stimulus proposal.

I had staff say to me, "Well, he can say he gave the tax cut he promised." I said, "Well, no one's going to know they got it, it's not going to put anybody back to work, and if you don't have a job, it isn't going to help you."

Of course, people might not know they got the tax cut but spend it anyway.

It was designed to trick people into spending it. This was the brilliant Larry Summers idea. (Summers is director of the White House National Economic Council.) He came to the [Democratic] caucus and bragged about it. He said, "Look, we're not going to do what they did back in the Bush era and send people a check for \$400. They might save it. They might use it to pay down their debt. We want them to consume, because that will put people back to work." Buying junk made in China at Walmart is going to put people back to work, or a latte at Starbucks? That's what it amounts to: two coffee drinks or some other small item per week.

It seems the bill is aimed at almost everything but directly employing peo-

ple.

The Obama economic team thinks it's "old school" to invest in public infrastructure and put people to work rebuilding it. They wanted to do different things. We've got "Green Grid," whatever that is. Nobody's figured that out yet, and the Department of Energy has yet to spend any of the money. There was money for windmills made in China. That'll put a lot of Americans to work. In all, it was a mishmash, hurriedly thrown together. It could have been more targeted to produce a hell of a lot more jobs for a hell of a lot less money.

What's the verdict you're hearing from constituents? About the same?

There's no affinity for it. They don't know they got a tax cut, and they don't think it's had any impact. I mean, except for teachers. You can talk to teachers and ...

Yeah, I think some of the public employees do realize that the aid to the states prevented layoffs. But local building trades union business managers are saying by and large that they see little or no impact from the infrastructure spending.

Well, the other problem is it was all designed to be very short-term spending, under this theory that we had to get it out there right away. I said we need more money for infrastructure and we need to do more bigger projects. Rushing out with a bunch of projects that can be completed this construction season ... road resurfacing? Yes, the roads need resurfacing, but you get a lot fewer jobs per dollar doing something like road resurfacing as opposed to building a new light rail line and buying the rail cars and the steel for the rails under Buy America requirements, and Davis-Ba-



PETER DEFAZIO

con construction jobs. You would just have a much bigger multiplier effect.

At other times in U.S. history, bold projects were announced by the federal government. Particularly in the FDR era, that was an approach that put people back to work and galvanized public spirit. But it seems in this case, everything consists of little tiny grants. You had 23 federal agencies, all of which had their budgets plumped up by the stimulus act, with formulas to distribute it to the states. It's not quite as dramatic.

Well, there was no coherent vision, nothing to transform the society or make long-term investments that provide future benefits. I suggested maybe they would want to have an objective in transportation infrastructure, like rebuild all 160,000 bridges in the federal highway system that need either replacement or substantial rehabilitation. Or build a high-speed rail network over the next 20 years and [use the stimulus as]

a major down payment. Instead it

was a mishmash of things, some of which were good, many of which were marginal, and a good number of which were bad.

I'd think members of Congress would want to spend money on more projects that put people back to work. What's the holdup? Nervousness about the deficit? Why is there no move to free up resources by repealing

the three Bush tax cuts on the wealthy?

Obama's economic team is a Wall Street team. They don't really believe in the "real" economy. So we're having a very difficult time grinding any meaningful investments in the real economy out of these people. We're basically having a battle for the soul of the Democratic Party.

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