

At Oregon Building and Construction Trades convention

DeFazio promotes more U.S. investments in infrastructure

ROSEBURG — U.S. Rep. Peter DeFazio (D-Springfield) asked for labor's help making the case that more public investment is needed to pull the country out of the Great Recession.

Speaking at the Oregon State Building and Construction Trades Council convention here Aug. 25, DeFazio, a senior member on the House Transportation Committee (and chair of the Highways and Transit Subcommittee), called for new industrial, freight, Buy America, and investment policies in the United States that are "oriented toward the real economy."

"The banks got bailed out. They got their money," he said, "but they didn't pass it through."

DeFazio said 150,000 bridges on the federal highway system are in need of replacement or rehabilitation; 60 percent of the pavement is in fair to poor condition; there's a \$70 billion backlog in transit system work, and cities across the nation are in need of new water and sewer systems.

"The best way to deal with our deficit, the best way to deal with the crunch in housing, is to put people back to work," he said. "And if you're going to borrow the money to put people back to work, you ought to build things that last a long time. That's the best solution I can think of to get this country moving again."

The 12-term Democrat from Springfield said the dominance of Wall Street and big corporations during the eight-year Bush Administration, in terms of being able to set U.S. policy on trade and taxes, have resulted in millions of lost jobs.

"We don't want to go back," he said. "Does anyone think that 2001 through 2008 were great years? We had crummy job growth, created huge debts and deficits ... we had all sorts of problems. That's pretty much what the Republican leadership wants to go back to — the policies of George Bush and the Republican Congress. That did not work for us."

DeFazio believes the public mood is starting to shift, to the point that "if we can productively channel that anger against policies that have bedeviled us ... then we can come out of this good. If people vote on the issues, we will do

well," he said. "If they vote on emotions, and we don't give them an opportunity to understand the issues and the choices, then, we won't."

Also speaking at the convention was new Oregon Treasurer Ted Wheeler.

The former chair of the Multnomah County Board of Commissioners offered up a plan that he says will quickly inject \$300 to \$400 million into the state's economy without costing taxpayers a penny.

Wheeler is proposing that the Federal Deposit Insurance Corp. (FDIC) cover the insurance of all bank deposits made by public entities. Currently, when a school district or city council puts money in a bank, the bank is responsible for guaranteeing the safety of those deposits.

"Banks don't always want to hold public money because it is expensive to do so," Wheeler explained. "What they want to do is lend it out. They make more money lending it out."

Wheeler suggests that the FDIC remove that burden from the banks by insuring the deposits — just like it does for any citizen who has a bank account. He said FDIC could pay for it by charging banks "slightly higher" insurance premiums, of which the banks likely would pass that on to customers in the form of slightly higher banking fees.

"When you look at the size of the pool you are creating, it's almost infinitesimal, you'll hardly notice the increase in those premiums," Wheeler said.

That, in turn, would free up \$300 to \$400 million that banks are currently sitting on to loan out to businesses.

"It would be like a shot in the arm, and it wouldn't be just this year," Wheeler said. "It would be every year from now on. This is a great opportunity."

Wheeler said Oregon U.S. Senators Ron Wyden and Jeff Merkley and the Oregon Banking Association support the concept. He also noted that the FDIC expressed interest as long as the banks are willing to pay the additional premium. "Oregon could be a national pilot program to get the economy going," he said.

Wheeler also put in a plug for Measure 72, which will appear on the ballot

in Oregon this November. Referred by the Legislature, Measure 72 would allow the state to issue general obligation bonds for various types of projects.

Wheeler said it's cheaper to issue a GO bond than it is a revenue bond, noting, however, that the state will have to be judicious in selecting projects that are

successful because GO bonds are secured by the State of Oregon.

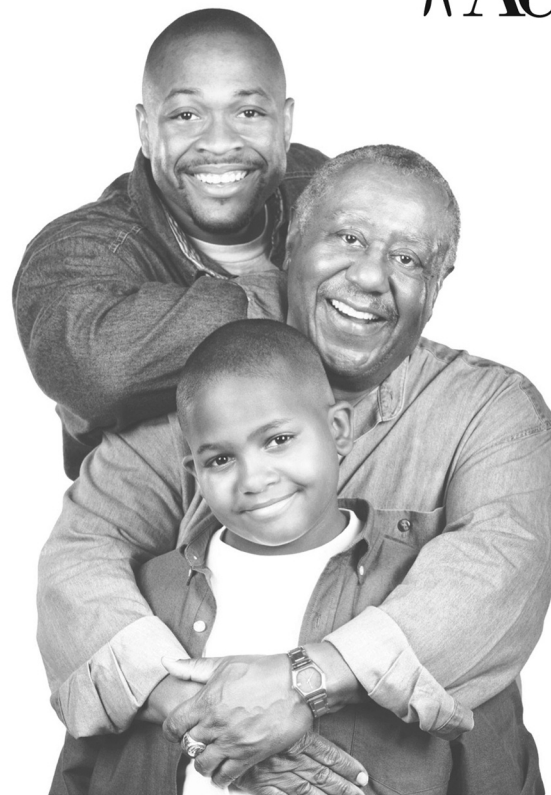
"I like it because it will save taxpayers money," Wheeler said.

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