



THE CENTER FOR NATIONAL POLICY

“PA GOVERNOR ED RENDELL: RESPONDING TO AMERICA’S NATIONAL CRITICAL INFRASTRUCTURE CRISIS”

FEATURED SPEAKER:

**GOVERNOR EDWARD RENDELL
COMMONWEALTH OF PENNSYLVANIA**

**DR. STEPHEN FLYNN
PRESIDENT, CENTER FOR NATIONAL POLICY**

**11:00 AM – 12:00 PM
THURSDAY, JANUARY 21, 2010**

**TRANSCRIPT PROVIDED BY
DC TRANSCRIPTION – WWW.DCTMR.COM**

MR. STEPHEN FLYNN: I want to welcome everyone to the Center for National Policy. I am relatively new (rack ?) arrival to the center. This is just my second program. I began at the first of the year. The world certainly got interesting right around my arrival time here, between underwear bombers, on the one hand, and of course the horrific situation we have in Haiti and now the meltdown of this town over my native state's recent decision on a Senate – (inaudible) – seems to have gotten this in the headlines here. (Laughter.) I think the entire Democratic Party is in a fetal position I guess right now, trying to sort it out. But we are going to look ahead, as we must at a very, very important issue that has become the priority for the center that I'd taken on arriving here, which is to deal with the whole issue of this country's ailing, crumbling one might say infrastructure.

One of the things I was hoping to do at the center in particular, given our longstanding, now 30-year role, primarily being involved in the national security debate and homeland security debate, particularly under my predecessor, now Ambassador Tim Roemer – Tim is our ambassador to India – is to highlight the national security dimensions of this problem, and not just that is fundamentally as it is an economic issue, it is huge sustainability environmental issue with this. But there also is, as Dwight Eisenhower highlighted during his tenure as president and taking on the interstate highway system, there is a lot about our infrastructure that is important to our national security and now in this new context our homeland security.

So I could not be more excited that we have with us today here Governor Ed Rendell, who's brought so much leadership to this issue, who is currently governor of Pennsylvania, formerly mayor of Philadelphia, one of those great northeastern cities that early on invested in infrastructure and then about three decades ago stopped investing in infrastructure as much of the country seems to have done. My one-liner on this is we're like a nation who's inherited our grandparents' mansion and we decided we're not going to do any upkeep. People are driving by, liking the house, and we're saying, "yes, that is pretty on the outside, but the wiring's gone, the plumbing's gone. And we need to get on with it."

Governor Rendell has also, of course, played a very important role in an initiative with Governor Arnold Schwarzenegger from California and Michael Bloomberg, a truly – I guess what we call a multi-partisan, independent, Democrat-Republican effort to raise the profile of this issue, rally elected leaders to the cause and just yesterday was in town on this issue with a part of his initiative of Rebuilding America. And we're delighted again that he's bringing this leadership to this town on that issue and was kind enough to sit with us today.

I do want to highlight one other thing that, Governor, you've done here that's so important of late. And that is with this tragedy we've just had in Haiti – I don't know if some of you caught in the headlines, but the Governor did something, I think,

enormously important, certainly for 53 young children orphans in Haiti, flew down and brought them back. And they're now in a hospital in Pittsburgh. And I think virtually all of them have adoptive parents lined up. One of the things that this country, I think, does well is respond to crises well. We wished we did some stuff out-front better. But it takes extraordinary acts of leadership sometimes to focus our attention and to let us know that things can be done, must be done for folks who are facing those kinds of circumstances. And Governor Rendell, thank you for your leadership on that issue, as well as this other longstanding one we have here today.

So let me begin maybe by asking you just how you got into taking on the infrastructure issue as such a major point of passion of yours and of all the others challenges that obviously fall on a governor's plate, why take this one on?

GOV. EDWARD RENDELL: Well, first of all, let me say thanks to all the people at the Center for the work you do. It's unbelievably important how we need groups like this that have the ability to do long term vision, long term planning. Sometimes – strikes sometimes – all the time government's biggest weakness is we react. We don't – we're very often not proactive. We're meeting immediate challenges that crop up. We can't plan for the long term. And no business would be run like that. And when we try to run government that way, it often brings about disasters and this is a perfect example, the state of the nation's infrastructure.

But great organizations like yours supplement what the government does and have that sort of long term vision and planning. So it's a pleasure for me to be here.

And I know Steve's work from his prior job. I have a very good friend who works up in New York with Foreign Policy Council. And Steve's a great leader for all of you to have. And I think you'll be excited with his leadership over the future.

Like all things in our lives it is a significant turning point usually comes from an incident that you weren't expecting to happen. I was mayor of Philadelphia and one of my early years as mayor we had about 45 straight days, maybe 50 of below freezing weather. It's hard to believe, although this winter's been cold, but nothing like that, literally 50 straight days where the temperature never cracked 32 degrees. And everything was frozen, the river. The Schuylkill river was frozen. Everything was frozen. And then, on the 51st day, it was 65 degrees. And on the 52nd day, it was 68 degrees. What happened then is not surprising. We had 58 water mains in different parts of the city all broke. And there were floods. And it was absolute flat out chaos.

And of course, we were acting to the immediate problem, but I called my water commissioner and my (speech ?) commissioner and I said, "how did this happen?" And of course they talked about the unusual events, the unusual series of events in terms of the temperature being so cold for so long and rising so quickly. But they said, "you have to understand, Mayor, that the pipes that cracked in most of the water mains in Philadelphia were laid in the 19th century." And they're laid about less than a foot below the ground. There's none of the modern technology that protects us from these types of

events by burying the mains more deeply and by having certain codings. We don't have any of these. We have a water system that was created in the 19th century." Now, this was when I was mayor – I think this was occurring in 1994.

And so many of these water mains were 100 years old. There've been no improvements, no changes, no upgrades, et cetera. So I said, "My God, is this prevalent in other cities?" They said "Almost every Northeast and Midwestern city has the same problem."

Interestingly, fast forward today as governor, our biggest problem in Pennsylvania with water and sewer is leaky pipes, particularly in smaller rural and exurban areas. We lose 60 percent of our water because of leaky pipes in some of those water systems.

So it's a systemic problem all across and I think Steve's analogy about the house that's made no attempt to wire and plumbing et cetera is very true about what we do.

So I got involved in infrastructure as mayor. And in 1995, I became the head of a nationwide organization at the time called Rebuild America. I don't know how many of you remember Rebuild America, but it was the nation's premier infrastructure organization at that time. I became its chair. Rebuild America, after my two years as chair, actually wound up going out of business. The reason was that Rebuild was particularly an organization whose membership was all exclusively made up of people who had a pecuniary interest in reinvestment in the nation's infrastructure. They were architects, engineers, road builders, constructors, even investment bankers because most of the infrastructure work is done in this country through bonding, except the federal government, which is the only entity in the country that doesn't have a capital budget. But – so all of these organizations had a vested interest. And eventually the weight of that clear pecuniary interest brought us down.

Fast forward, I become governor. And all of a sudden I'm handed as governor-elect all of these different materials, transition materials. And someone came to me and said, "you'll like this. Pennsylvania ranks number one in the country." And I said, "that's good. What is it?" The number of structurally deficient and functionally obsolete bridges. (Laughter.) Number one in the country. (Laughter.) Over 6,000. Actually it was about 5,800 at the time. So I immediately, when I became governor, tripled our budget, state dollars spent on repairing bridges, from about \$200 million to \$700 million in less than four years.

At the end of those four years, instead of having 5,800 structurally deficient bridges, we had 6,100. We'd fallen further behind because every time we fixed two, three more were added to the list because we also led the nation in bridges 75 years of age or older. And the recommended lifespan for a bridge is 40 years. We had more 75 plus year old bridges than any state in the union. So it became clear to me that no matter what efforts state and local government made to repair our infrastructure – and there're a myriad of infrastructure problems – no matter what effort we made, it wasn't going to be enough.

We're always sledding uphill. It wasn't going to be enough. So we decided to try to resurrect an organization like Rebuild America, but this time, have the membership made up of public officials, mayors and county commissioners and governors and alike, so that no one could say, "oh, you guys are just in it because you want to line your pockets with money that would come from an infrastructure investment. We obviously reach out to a lot of those agencies and we're with them. But the thrust of this is public. And I decided to find – or the goal was to find a bipartisan organization. So we wanted to get a Republican and Democrat and maybe an independent. But we also wanted to get people who would make significant investments in infrastructure. So we weren't poor-mouthing. We weren't saying to the federal government, "help us out," and we didn't have clean hands because we didn't invest.

Well, Pennsylvania's invested significantly in our infrastructure, but no state has done as much as California. As you may know, Governor Schwarzenegger what happened got a \$42 billion infrastructure bondage passed by his citizens three or four years ago. And of course, Mayor Bloomberg, in New York has done more for the city's infrastructure than probably his last five predecessors put together. So we were three people, again, we founded an independent – I think our field for independent those days was pretty limited – but we have an independent, a Republican, and a Democrat, and we launched in January of 2008. And we have been very effective in raising the level of the debate inside the beltway.

We've had a terrific staff. Polly Trottenberg was our first president. Kerry O'Hare was our vice president. We now have Marcia Hale. Polly is in the Department of transportation, which is good for us. Marcia is our president. Kerry is still with us. And then we've done terrific work in focusing and raising the profile of infrastructure in the White House, in the Congress, et cetera.

We haven't done quite as good a job explaining to the American people, back in America's hometowns, what the stakes are, although people get it. Every poll on infrastructure says people are willing to spend more money on infrastructure if it's done in the right way, in a way that can be accountable and can be transparent, that isn't affected by who's the most powerful congressman, but the projects are based on merit. The public is willing to support it.

So that's where we basically are. And before I turn it back to Steve, I want to talk about security because this is an organization that's had its emphasis on national security. And the question is how does infrastructure relate to that of national security? Well, in many ways. National security is economic security. If we don't repair our infrastructure, we are fast on our way to becoming a second rate economic power. Juxtapose what China is doing, what the EU nations are doing. It's unbelievable.

Take ports, which are so important to our economic security. The 10 largest ports in China have three and a half times the throughput of the 10 largest ports in the United States.

The port of Shanghai, in five years, will take more throughput, more containers than all 10 of the biggest American ports. Keep in mind. We're getting – (inaudible) – checked in good movement, which is so important to what we do.

Our smart – our grid – I was about to say smart grid – we don't have a smart grid. And we desperately need it if we're going to have the electricity and the energy to go forward. You can talk all you want about wind energy – and Pennsylvania has been a leader in wind energy – but unless you can connect the places where wind energy is produced – high on the mountains, out in the water – unless you can connect them to the grid, it's like spitting in the wind. So certainly our economic security is key to infrastructure development.

Our ability to resist natural disasters or even terrorist attacks is, in my judgment, clearly linked to infrastructure.

Everyone says, well Haiti, they build everything in an improper way, their roads, their – and everything crumbled at the first sign of trouble with the earthquake. Well, that's true. The Haitian infrastructure was woefully inadequate, but so is the American infrastructure. Do you think Katrina in New Orleans happens at the dimension that it happened if we had properly reinforced and revitalized the levee system? Of course not.

Do you think Cedar Rapids suffers a billion dollars worth of economic loss, had we had an up-to-date and secure and revitalized levee system in Cedar Rapids? Of course not.

And let me just close by linking security and economic security together. John Surma, who is a good, loyal, Republican businessman, the head of U.S. Steel, has told me and has actually showed me U.S. Steel has the only coke producing plant. It's coke produced in producing steel, just to be clear. (Laughter.) It has the only coke producing plant left in the United States. It's enormously important to U.S. Steel because being the only coke producing plant, they do very well. It's in Clairton, which is south of Pittsburgh. The coke is shipped out – its first shipping is by barge. Pittsburgh has the three rivers, famous three rivers. And Clairton has also the three rivers. But the lock system is so important to moving barges through the three rivers and getting U.S. Steel, the coke product out to the Midwest, the Atlantic Coast states, it's so important that if a lock were to break, the repair time for that lock would be so long that John Surma estimates that is likely U.S. Steel would go out of business. It would lose so much money, depending on the repair of that lock; they would go out of business.

Well, in the stimulus program, the Army Corps of Engineers put in a need for several billion dollars to repair the locking system in the three rivers. The good news is it got a grant. It got \$258 million, which is like literally putting fingers in the dyke. Dams, bridges, locks, levees, it's our public safety, which is part of security. It's economic security. It's our ability to compete. It's our ability to withstand tragic weather events and our ability to withstand terrorist attacks.

Mayor Giuliani has said that the only thing that really worked to move people in and out of the lower part of Manhattan after 9/11 was the Amtrak and the subway system. That was it. everything else was standstill, absolute standstill.

So it's so much work we have to do. The clock is ticking and what makes delay in dealing with this problem and delay, I think, is fostered by the recession and all the addition we made to the deficit. It's going to make it harder to invest at the level to really repair the American infrastructure. But the real hazard of delay is, it's like – I don't know how many of you ever recall the Fram oil filter commercials, where this sort of mechanic in a dirty suit says, "you can pay me now," and he points to a Fram oil filter that's \$18.62, "or you can pay me later," and he points to a broken down car and the screen flashes \$4,862." (Laughter.) Every year we delay, the price for revitalizing the American infrastructure goes up.

The ASCE, American Society of Civil Engineers, five years ago issued a report that said we had a \$1.6 trillion gap in bringing our infrastructure up to the condition – (inaudible) – condition. In five years, that gap grew from \$1.6 trillion to \$2.2 trillion. So for the sake of our economic security, our national security, we'd better get moving and we'd better get moving fast. Time's a wasting.

MR. FLYNN: Thank you, Governor. Maybe flashing out this last key point, which is we're in an economic recession and that thing, you put those numbers out there and they look so overwhelming, but isn't this really investment? Doesn't it actually create jobs? Doesn't it actually use – it's a capital investment.

GOV. RENDELL: No question.

MR. FLYNN: How do we get to a point where our founders looked at going into debt, bonds, and so forth there – we brought a lot of money from the Brits as well to build infrastructure – that that was key to our prosperity to a point here where we say we can't even afford to maintain this stuff, never mind to actually improve it, upgrade it, and so forth here.

GOV. RENDELL: It's amazing. It's amazing. How many of you in the audience have been to Europe and Asia have ridden on high speed trains? My constituents have been – (inaudible) – come back where they go abroad, and they say, "Governor, how come Europe, countries like Spain that aren't economic powerhouses have these incredible high speed rail systems and we don't?" There's no plausible answer to that. We're still the richest country in the world and we have let our infrastructure fall behind virtually every other developed nation in the world. Every one of the G-7 nations has had a trillion dollar plus long term infrastructure revitalization program in the last 15 years.

Germany and Japan, countries a fraction of our size, have spent a trillion dollars on infrastructure revitalization.

And understand, Steve's exactly right. The bill is significant. If we were to take the ASCE figure of \$2.2 trillion, put on top of that another \$1.5 trillion dollars to do a high speed rail, to do or upgrade our freight system, to build a few new things, let's say we have a \$3.7 trillion need. Now, \$3.7 trillion, the deficit has exploded because of the economic recession, because of the things that Bush administration and the Obama administration had to do to deal with the deficit. It has virtually exploded. And right now is there a willingness to make that type of investment? It would be very, very hard because the way that federal government scores its finances, that \$3.7 trillion would go right into the deficit right now. Whereas if the federal government had a cap on budget and let's say you finance that \$3.7 trillion, you did it over 10 years, but financed it over 30 – and if someone is a finance expert, correct me – but the debt service on \$3.7 these days would probably be about \$280 billion a year, \$290 billion a year. That \$290 billion is not chopped liver, even these days is not chopped liver. But that's \$290 billion. That's a lot different in scoring than \$3.7 trillion.

And state and local and county government could never finance its own infrastructure needs. And remember, we still pay state and local for 75 percent of the costs of infrastructure. We could never do it without capital budget.

Is there a will to do that? Steve is correct. It's different than bailing out the banks. It's different than bailing out the auto companies. It's different than all the things that – it's even different than health care because this can be tangibly shown to create jobs. And you've heard all these estimates that \$1 billion of infrastructure spending can create anywhere between 20,000 to 40,000 jobs. A dollar spent on infrastructure increases the GDP by \$1.59.

These are all factually sustainable assertions, number one. Number two, the biggest sectors of our economy that had been hit by the recession were construction and manufacturing. What does infrastructure do? It produces jobs – jobsite construction jobs, jobs that can't be outsourced, and it produces manufacturing jobs, significant manufacturing jobs. And that's the important part.

Well, have you seen the stimulus scored as to how many jobs it produces? First of all, it's a low number because they only count full time equivalencies. So if you're working on a bridge for eight months, that is considered to be two thirds of a job. But if in those eight months you're a sheet metal worker, let's say, and you earn \$52,000, you consider that a job, but we don't the way we count it. Plus, we don't count any of the jobs back in the steel plants, or the asphalt plants, or the concrete plants, or the aggregate plants, or the lumber and timber plants, any of the orders that come into those plants that cause them to either hire or re-hire workers. Those aren't considered jobs created either.

But we know the best thing for this nation's economy would be 10-year, \$4 trillion sustained infrastructure revitalization and grow out plan. It would do more for the economy than virtually anything that we could possibly think of. It would provide tremendous substantive benefits. It would make us economically competitive. It would increase our public safety and our security, but it would have a sledge hammer effect on

the economy. And by the way, we need to start doing something about American manufacturing because you talk about national security. What's American manufacturing – (inaudible) – and it is quickly vanishing in front of our eyes. Once it totally vanishes, think about our nation's security. Think about if we don't produce any steel in America and we imported it all. Think of where that would put us if we ever had the need, security need to produce steel. It would put us susceptible to – we boycott Iran. They could boycott the United States and not ship any steel to us. Bingo, where would we be?

So there're so many issues that are involved. And you're right. If it can be explained to the public, that's a long term investment. It's something we need to do and it's the single best incentive for economic re-growth and revitalization of a country. It should be persuadable. And we not have the recession and if we had a president who understood infrastructure, I think we would have a chance to do something like this.

Right now, with the context of the recession and all the election results that you talked about in your introduction, Steve, I'm not sure the political will exists for that type of program, but even if we can't have a program on that scale, we've got to continue pushing the envelope as far as we can.

MR. FLYNN: So one of the big issues that's keeping us from dealing with this in plain sight problem, the crumbling infrastructure as the price tag looks very ominous. Another one that you mentioned as well, though, is that while Americans in polling say, "yes, if you're going to fix that piece that's broken, I'm willing to give you the dollars," but the sense is that the process that decides what needs to be built and where it's going to be built and how it's going to be built, i.e. the political process, is fundamentally corrupt. I think it's how most Americans view it. How do we address that issue? How do we address that Americans have lost faith in essentially their – in the policy making community to do what really needs to be done, to prioritize and to make investments that they're obviously happy to make?

GOV. RENDELL: I'm laughing because there is an answer. And I keep thinking of this – a sports writer and for the *Philadelphia Daily News* who writes a column once a month which is entitled, "If I Were King of the World" – (laughter) – and says all the things he would change in sports if he was an absolute king and could do these.

And if I were king of the world, there's an absolutely clear way to do this. Number one, you get rid of all earmarks. Earmarks, even the ones that are pointed towards good projects don't accomplish anything because what earmarks – (today?) of an earmark sufficient enough to build a big dig, and we can argue – I don't know if there are any New Englanders here – argue whether that was a proper expenditure of money. But proper, improper – those days are over.

All earmarks do now is frustrate the process and I'll tell you why. Congressman Jones from Pennsylvania gets a \$9 million earmark for the construction of the central state's throughway. He makes a big announcement at home, press release, et cetera.

Now, where it comes – what Jones isn't telling his constituencies that the cost to construct the central state thruway is \$280 million and he has an earmark for \$9 million. It falls to the state to come up with the other \$271 million and we don't have a snowball's chance in hell of coming up with that money for new construction. We have to use all of our transportation dollars just to maintain what we have. So it's a process that's, A, phony, B, it's wasted money.

Carrie (sp), how much earmark money is there unspent over the last decade?

MS. : As of a year ago, \$10 billion – (off mike).

GOV. RENDELL: It's \$10 billion in unspent earmarks. And most of the earmarks get unspent. I'll now tell you a real situation because I think it's actually a slightly good story.

Congressman Tim Holden who's been a congressman from central Pennsylvania for about a decade, maybe 12 years, because of the stimulus, I was able to use some stimulus dollars, some state dollars and an original earmark that Congressman Holden got 10 years ago to build an intermodal transportation center in the city of Pottsville which is the county seat of Schuylkill County, all mining generally. And it was a good project because they needed a new terminal for buses and taxi cabs and everything. It was a good project.

And when I called him to tell him and when we had the press conference, he was like walking on air and finally I said, Tim, this is a great project but why are you so happy? He said, well, I've been in the Congress for 12 years; I've gotten all these earmarks. This is the first one that actually got spent to do anything. Say a (commentary ?). Say a commentary.

So, one, earmarks don't work even when they're well intended. Secondly, they're often not well intended. So we've got to get rid of earmarks, number one.

Let's still do formula funding for transportation for water and sewer because that's important to make sure that all 50 states get some help on their transportation network. So let's continue those basic funding formulas, without earmark, by formula.

And then, let's create what's called a national infrastructure bank. The EU has it. They call it the European Investment Bank. Let's create the national infrastructure bank. Let's make it a standalone because it can't just be transportation because we're going to need it for smart grid. We're going to need it to build out a broadband system. Can you imagine – the USA which invented all of this stuff has the poorest broadband coverage of any one of the developed nations in the world? It's pathetic. It's pathetic. So we've got to do so much more than just transportation.

So we create the national infrastructure bank. You make it a standalone, put professionals in it and I'd put professionals, some politicians – who are no longer serving

obviously – some politicians but a lot of transportation experts, people who are heads of their Department of Transportation – (inaudible) – and then let's make this the place where you go for all major projects of regional or national significance that require the bank to make decisions based on cost benefit analysis and rankings, and the Congress can even put in the factors they want like a factor would be its impact on lowering carbon emissions. That would be a plus factor in the ranking system of projects.

And let's get going. And let's fund it properly, capitalize with government funding, give it funding capacity, allow it to bring in federal funds – I mean, private funds that can be reinvested. And there's tons of private money out there for good infrastructure investment.

To all of those things and it can make a significant difference and it does work and it doesn't have to have a huge impact on the federal budget to be somewhat successful.

The European Investment Bank last year loaned out \$81 billion of combination of loans and grants. This year it's going to do \$112 billion and that's – for Europe, that's significant. I mean, if you extrapolate that to size and need for us, that \$112 billion would be about \$250 million which is what I was talking about for the capital budget plan.

So it can work but that requires political will. It's going to require political will to get rid of the earmark system. It's going to require political will to create the infrastructure bank and the president has to make sure that happens. And hopefully, the president will insist on it being part of the jobs bill, if there is a jobs bill.

So there's a lot of work to be done. And although we don't have money at the scale that we need, we have enough to begin this process, to be creative, to involve the private sector, to do things – I mean, for example, right now in America, if a highway is constructed with federal dollars, it's called a federal credited highway, you cannot – the states are not allowed to place tolls on the highways. There are three exceptions for pilot programs. But generally, that's the case.

So if you got in your car right now and took I-95 from Washington to Boston, you would find a very curious situation. You would find that you pay tolls in Maryland. You pay tolls in Delaware. You pay tolls in New York. You pay tolls in Connecticut. You pay tolls in Massachusetts but you don't pay tolls in Pennsylvania. The reason is all those other states put their tolls in before Congress passed the law – (inaudible) – any further toll in the federal highways and so many didn't. And so many, they didn't.

And across the nation, most federally funded highway construction does not have tolls. Well, a simple change in the law when we reauthorize – (inaudible) – allowing areas to come in and toll would create an awful lot of money for highway and road and bridge transportation needs. Just that simple change, just let's toll it.

And it's interesting – people are far more willing to pay tolls, user fees than they are to pay taxes. They're not crazy about paying increased tolls, but it sits better. It sits better for that little lady in Pittsburg who doesn't own a car and takes the bus whenever she needs to. She doesn't want to pay an additional tax but she's willing to see tolls going up and even people who use the roads and highways reluctantly agree that it's necessary, particularly if the majority of that money is used to maintain the specific roads where the tolls are on.

So there are ways to do this, even short of the mega plan. The mega plan is what we ought to be doing but ever shorter than the mega plan there are ways to do it and I think the national infrastructure bank is enormously important. The problem with all of this is infrastructure – you say infrastructure and people glaze over.

Mika Brzezinski – I don't know how many of you watch Morning Joe, but Mika kids around with me when I come on the show to talk about infrastructure that the word “infrastructure” is the least sexy word in the English language. (Laughter.) And that may be true. And if infrastructure is the least sexy word in the English language, can you imagine the “national infrastructure bank”? (Laughter.)

But it's crucially important. And that's why groups like this and the center, by the way, stood with us on the press conference we had yesterday for the bank – that's why it's so important for the think tanks and the organizations that do long-term and long-range planning to stand up and say, look, this has to happen. This simply has to happen. So I think that's the key to the answer to your question.

MR. FLYNN: Right. One more question before I open it up here. It strikes me that – it's extraordinary for so long that these great public works were a source of national pride, even though we called it infrastructure, there was sort of a thrill Americans watched as these things got built. (Inaudible) – challenges we have legacy infrastructure. That's not quite as exciting as building brand new spanking stuff and particularly when you get to things like pipes and the literally invisible infrastructure, right, that only becomes visible when it fails, so that's a real challenge.

But one, I think, final challenge – so basically we don't think we can afford it. We're not quite comfortable with the process that will get us to build it but there's another piece I've heard a lot of as well when folks say, almost a loss of confidence that we know how to do it well and some of this because we've wrapped ourselves around the axel.

We had last week a conversation – Jim Fallows in here talking about the gentleman from the Port of Los Angeles who was talking about an eight-year hold when they have the money. They have the money. The build stopped but was wrapped up basically by the challenges we have with getting through environmental impact statements and so on, one of which was a five-year delay to put electric trains in the port to do the environmental impact for putting – moving from smoggy old truck to electric train took us five years.

So is there an element here where we need to look at surveillance and labor practice and other stuff with environmental issues and others that we've wrapped ourselves around the axel on?

GOV. RENDELL: Well, my answer to that is – how much time have you got? (Laughter.) It is no question that that's a big problem. And when you juxtapose how Asia and Europe do things more quickly and more impactfully (sp) than us, a lot of it is because there's a difference at regulations. And I'm not saying we abandon our regulations, by no means.

Would somebody tell me why an EIS, an environmental impact statement, has to take between a year and two years? It's unbelievable the delays that build into our system. And I use this analogy. When we're talking about use it or lose it for stimulus, I said to the president, I said, we can do this stuff fast. All we have to do is change some of our internal processes. So instead of giving firms 120 days to respond to an RFB for a construction project, give them 30 days. It's amazing – when there's money involved, they'll respond.

And I said, I knew the president was a lawyer and I said, Mr. President, I said, think about this: a client comes into a big law firms, the (Jones and Parker ?) Law Firm and he says, I need you to do this very difficult financial transaction. I need you to do it for me, write up all the papers, make it as good as gold, airtight so no one can attack it later and I need it in a week. And that law firm says, oh, sir, we can't do that. A project of this magnitude with a law firm with the reputation of ours to do the type of work you're saying, it's going to take us at least a month.

And then the client takes out a certified check for \$1 million made out to the law firm and says, are you sure you can't do it in a week? And the answer is, yes, we can. (Laughter.) And everybody in that law firm would be working 24 hours, seven days a week to get it done in that week. There's no reason for this tuff. And we also outthink ourselves.

Just one little vignette because this is – I'm writing a book which I'll finish by the time I'm no longer in office but I've written a few chapters to see if I can get some interesting ideas. And one of my chapters that I – I titled all my chapters and this is called "Like a Sturgeon" is the name of the chapter.

I am sitting down in Senator Arlen Specter's office with federal bureaucrats from about nine agencies including EPA and NOAA, the Oceanic Agency, and the Justice Department, and they're telling me that we cannot deepen – we cannot dredge the Delaware River to deepen it to the level that we need to be competitive to bring the big container ships in. And the reason they're giving me is that there are sturgeon that have now started living in the Delaware in the last four or five years and it would be dangerous to the sturgeon.

So, you know, a former trial lawyer, I say to them, let me ask you a question: how long have the sturgeon been here? For five years they said. And what's happened to the sturgeon? Have any of them died? They said, no. I said, has the school diminished in number? They said, no. The good news is the school is growing.

I said, well, are you guys aware that we dredge every year to maintain the 40-foot level because the (silk ?) goes up and we have to dredge two or three feet every year just to do maintenance dredging and that also includes dynamite as part of the dredging process. Are you aware that we do that? They sort of – (inaudible) – over but sort of nodded. And I said, well, so the sturgeon have been growing in number while we do this – (inaudible) – so it seems to me, not to quote Sally Field, but they like it. They really like it. (Laughter.)

So we're having this big controversy and then we go talking about stuff. And I start – I'm not a big doodler but I start doodling and the Madonna song "Like a Virgin" pops into my head. And I write "Like a Sturgeon," kissed for the very first time. (Laughter.)

And one chapter of my book is going to be the overregulation in the United States of America at every level. I once had a Justice Department official when I was mayor threaten to sue me because we were building a parking lot, as a municipal parking lot and the elevators had not Braille. And it was a violation of the Americans with Disability Act.

And I said to the lawyer – I said, do you realize this is a parking lot? I said, there's no retailers, nothing. The only reason you get in that elevator would be to go up to your car and drive your car out of the parking lot and onto the street. And I said, and the last time I checked, we do not allow people who are blind to drive cars. So the only reason a blind person would be in that elevator is if they be with somebody else, a sighted person who was taking him up to get in the car and drive it out. So there's no need for Braille in the elevator. Why would we possibly need Braille in a parking lot? And of course, he had no answer. So I said, sue me. I said, you might put me on the cover of *Time* magazine. (Laughter.)

So the answer to Steve's questions is absolutely. And we've got to find a way to streamline the process without – all kidding aside – without taking away basic environmental protections because they are in fact still enormously important and we can find a way to do this.

You know, to go back to just quickly my Haitian experience and then we'll open it up – I was overwhelmed by the effectiveness of the U.S. military in running that airport. Been criticized by the French and everybody else – there's no one who could run that airport half as good as the U.S. military is running it. It's got one runway.

It's got no control tower anymore. Literally, the air traffic control was set at a card table on the runway trying to communicate with the planes above them. And they

move you in and out. You have a certain window of time on the tarmac and then you're gone, almost at machine gun point. You've got to get that plane out of there.

But the military officers who are there are doing it the way this country used to do things. We can do it. There's absolutely no reason – whatever it takes. If we have to put tape on something, we'll get it and we get it up in the air flying.

We lost our plane. When we went down to Haiti, we had a plane at a private benefactor would have paid for. It was a Republic Airways charter. We landed at 6:00 (a.m.?). We were supposed to have an hour and a half window. We got there. There were tons of problems. They weren't releasing the kids. I kept getting a little extension on the window but finally, at 10:00 a.m. the major in charge said we've got to get that plane in the air, governor. I'm sorry. And I said, but major, it sounds like we're going to get all 54 of these kids. How are you going to get them back to the States? He said, don't worry, sir. I'll get you a plane. I said, major. He said, don't worry, governor. Our plane took off at 10:00 a.m. The kids arrived at about 10:30 a.m., 10:45 a.m. He had a C-17 for us, those huge cargo planes. He had a C-17 for us by 11:15 a.m.

They just find a way to get it done. And that's the way this country was built. We looked at obstacles and we found a way to overcome them. We had that can-do spirit, you know, we were Americans and we could do anything we set our mind to. And in many ways, we've lost that spirit for a whole myriad of reasons. I think it's crucial to the country to get it back, crucial to the country to get it back and we've got to find a way to do it. And you can criticize the U.S. military and they're certainly not perfect by any means, but boy, they do this stuff.

If you look back at Katrina, the only time we got any action in helping the people in New Orleans is when that Cajun general came down and took over and I remember watching him on CNN and every curse word in the book but things got moving all of a sudden. All of a sudden there were no stranded cars. All of a sudden everybody was being picked up by chopper. All of a sudden things got done. And it's what we need to do in the country across the board.

But I was enormously proud as just an American citizen of what we were doing down there. I know there's huge problems and we can't get supplies fast enough, there are too many amputations without the proper anesthesia but under the circumstances, our men and women are doing a great job. And again, it's what we do best. We still manage to have that can-do spirit in the face of emergencies but we need to have it on a day to day basis.

MR. FLYNN: All right. I'm going to open it up for questions. Back here.

Q: Yes.

MR. FLYNN: If you could also introduce yourself for a clear – (inaudible).

Q: I'm Bob Edmunson. I'm with the *Journal of Commerce*. Given everything that Steve said at the beginning of this about everything that's going on right now, add to that the thought that midterm elections are coming up and a few others that I can't think of right now, how are you going to get the attention of anybody in this town to move forward on this?

GOV. RENDELL: Because of the relationship between infrastructure and jobs. Right now, if there's one message that everyone agrees came out of Massachusetts and you didn't need Massachusetts to do this, the American people want us focusing on things that create jobs, jobs at every level but particularly jobs for the middle class blue collar workers.

You know, you talk about infrastructure. Anybody have any idea what at a port like Philadelphia what a – (inaudible) – makes?

MR. FLYNN: About – (inaudible) – dollars a year?

Q: A hundred and fifty?

GOV. RENDELL: The base salary is about 60 and with overtime anywhere to 110,000, 115,000 inside that belt. And most of our – (inaudible) – in Philadelphia didn't even graduate from high school, didn't even graduate. A lot of them didn't even make it into ninth grade and they're earning \$80,000, \$90,000, \$100,000 a year. If we lose blue collar jobs at that level, we're done. We're done. I mean, you know, you can't just have a blue class who wears ties and jackets. You have to have a middle class that does labor, that makes things. And we've got to be a country – we've got to continue to be a country that makes things.

MR. FLYNN: (Inaudible) – is going to be the final one here because – (inaudible). Up here.

Q: (Inaudible.) Thank you, governor, for coming.

GOV. RENDELL: It's my pleasure.

Q: (Off mike) – appreciate the time. The example of U.S. Steel – (inaudible) – make me think of formulation they used to have public-private partnerships. You talked a little bit about federal budgets, state, local.

Can you envision U.S. – even if not U.S. Steel, other corporations who would lose so much if an infrastructure example fell apart? Can you imagine some part of a corporate America pitching in and paying for part of infrastructure repair or is that they consider it the government's duty?

GOV. RENDELL: No. I think we need to pitch in. I think writing checks is not very likely. We really have to pitch in. American politics is still generated – movement

is generated mostly by the business community. We can decide whether – whether they argue whether that’s right or wrong for the longest period of time but it is a fact of life. And where the business community can have a huge role in the infrastructure debate is standing up and saying you have to pay for this, folks. And if it means a few more business taxes, we’re willing to endure that.

The chamber – I give the chamber – and I am not a fan of the U.S. Chamber of Commerce generally – but the chamber and the National Association of Manufacturers, both have come out square for an increase in the gas tax. Both has come out for – (inaudible) – for an increase in the gas tax. That is not a necessarily easy thing to do. It would have been more impressive to think about for squaring and for increase in the corporate tax rate. But still, to have them saying that it’s in America’s long-term interest to raise the gas tax – because remember, many of the corporations have leaks and they will be paying that increased tax as well. That was a good statement.

And that’s what American business can be doing and I’ve used John Surma to speak to my own legislature about infrastructure needs and he’s been very effective. And that’s where they can be the most effective. Look, what I don’t understand about the American people, what I don’t understand about the American people is they don’t relate government challenges to their lives.

The average American knows that if you buy an \$8,000 Hyundai, you’re not going to get the same time of performance from your car as if you buy a \$30,000 Lincoln town car. You get what you pay for. It’s a basic element that most of us understand in our daily lives. You know, you buy \$100 pants suit, it’s not going to last as long as a \$400 pants suit. You understand that in your choices.

I made the analogy in talking about what the state of Pennsylvania had to do in face of this crisis. I would analogize it to a family. I’d say Mr. and Ms. Smith, both are earn \$50,000 a year. Mr. Smith gets laid off, no fault of his own. His furniture making factory closes because no one is building any rooms. So all of a sudden, the Smith family goes from \$100,000 a year in revenue to \$50,000. So the first thing they do is make cuts. They decide they can’t buy a new car. They don’t buy any new clothes. They cut their budget in so many different ways.

But eventually they come to the realization that they can’t cut \$50,000 out of their budget. So they have to increase revenue. So Mr. Smith, who’s a craftsman, goes out and gets a job bagging groceries for \$12,000 a year because that \$12,000 is the revenue they need to keep their head above water.

So yes, people in Pennsylvania, we have to make cuts but we can’t cut our way out of the crisis. We have to increase some revenue.

And there’s a disconnect though right now with the American public understanding those things. And, you know, all of you have been amazed at the response of the American people to Haiti’s problems. I’m amazed that text, the \$10 tax thing

produced in like two days \$10 million. That means a million Americans texted in for that number. It's amazing. And people writing \$250 checks – when I first became governor, I had to raise taxes because we had a \$2.2 billion deficit but I also raised an additional \$500 million for early childhood education.

And the tax – the average tax burden for the average Pennsylvanian was about \$200. Everybody was mad as hell about paying \$200 more in taxes but the same people wrote \$250 checks for the tsunami relief and they wrote \$250 checks to the Haitian relief for people in countries they'll never visit and whom they've never met.

What gives? (Laughter.) We don't pay a little bit more in taxes for our own kids' education? And even if you don't have kids for American competitiveness and yet at the same time we open our hearts to tragedies like this and I'm glad we do. There's a real disconnect out there, Steve.

MR. FLYNN: Well, thank you very much, governor. (Applause.) We're so grateful for your leadership. Those of us even who don't leave in Pennsylvania are very – (inaudible) – here.

One final announcement for those who are here. A part of our winter programming appropriately – we're doing something on climate change with Senator Gary Hart and Dr. Scott Borgerson and Dr. Robert Huebert coming here on February 2nd. Lunchtime to talk about the new security imperative of the melting arctic, all right? So – (inaudible) – show off another transportation issue now rising up here.

Thanks all of you again.

(END)