

Trump's One Trillion Dollar Infrastructure Boondoggle. Handing Over Public Assets to Private Corporations

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We are going to fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals.... And we will put millions of our people to work as we rebuild it. — President Donald Trump

Donald Trump's \$1 trillion infrastructure plan is not an infrastructure plan and it won't put \$1 trillion of fiscal stimulus into the economy.

It's basically a scheme for handing over public assets to private corporations that will extract maximum profits via user fees and tolls. Because the plan is essentially a boondoggle, it will not lift the economy out of the doldrums, increase activity or boost growth. Quite the contrary. When the details of how the program is going to be implemented are announced, public confidence in the Trump administration is going to wither and stock prices are going to plunge. This scenario cannot be avoided because the penny-pinching conservatives in the House and Senate have already said that they won't support any plan that is not "revenue neutral" which means that any real \$1 trillion spending package is a dead letter. Thus, it's only a matter of time before the Trump's plan is exposed as a fraud and the sh** hits the fan.

Here are more of the details from an article at *Slate*:

Under Trump's plan...the federal government would offer tax credits to private investors interested in funding large infrastructure projects, who would put down some of their own money up front, then borrow the rest on the private bond markets. They would eventually earn their profits on the back end from usage fees, such as highway and bridge tolls (if they built a highway or bridge) or higher water rates (if they fixed up some water mains). So instead of paying for their new roads at tax time, Americans would pay for them during their daily commute. And of course, all these private developers would earn a nice return at the end of the day. ("Donald Trump's Plan to Privatize America's Roads and Bridges", *Slate*)

Normally, fiscal stimulus is financed by increasing the budget deficits, but Maestro Trump has something else up his sleeve. He wants the big construction companies and private equity firms to stump up the seed money and start the work with the understanding that they'll be able to impose user fees and tolls on roads and bridges when the work is completed. For every dollar that corporations spend on rebuilding US infrastructure, they'll get a dollar back via tax credits, which means that they'll end up controlling valuable,

revenue-generating assets for nothing. The whole thing is a flagrant ripoff that stinks to high heaven. The corporations rake in hefty profits on sweetheart deals, while the American people get bupkis. Welcome to Trumpworld. Here's more background from Trump's campaign website:

American Energy and Infrastructure Act Leverages public-private partnerships, and private investments through tax incentives, to spur \$1 trillion in infrastructure investment over ten years. It is revenue neutral. (Donald Trump's Contract with the American Voter")

In practical terms, 'revenue neutral' means that every dollar of new spending has to be matched by cuts to other government programs. So, if there are hidden costs to Trump's plan, then they'll have to be paid for by slashing funds for Medicare, Medicaid, Social Security, food stamps etc. But, keep in mind, these other programs are much more effective sources of stimulus since the money goes directly to the people who spend it immediately and help grow the economy. Trump's infrastructure plan doesn't work like that. A lot of the money will go towards management fees and operational costs leaving fewer dollars to trickle down to low-paid construction workers whose personal consumption drives the economy. Less money for workers means less spending, less activity and weaker growth. Here's more on the topic from the *Washington Post*:

Trump's plan is not really an infrastructure plan. It's a tax-cut plan for utility-industry and construction-sector investors, and a massive corporate welfare plan for contractors. The Trump plan doesn't directly fund new roads, bridges, water systems or airports.... Instead, Trump's plan provides tax breaks to private-sector investors who back profitable construction projects. ... There's no requirement that the tax breaks be used for ... expanded construction efforts; they could all go just to fatten the pockets of investors in previously planned projects...

Second, as a result of the above, Trump's plan isn't really a jobs plan, either. Because the plan subsidizes investors, not projects; because it funds tax breaks, not bridges; because there's no requirement that the projects be otherwise unfunded, there is simply no guarantee that the plan will produce any net new hiring. ...

Buried inside the plan will be provisions to weaken prevailing wage protections on construction projects, undermining unions and ultimately eroding workers' earnings. Environmental rules are almost certain to be gutted in the name of accelerating projects.

(Trump's big infrastructure plan? It's a trap. Washington Post)

Let's summarize: "Trump's plan" is "massive corporate welfare plan for contractors" and the "tax breaks"..."could all go just to fatten the pockets of investors in previously planned projects."

Check.

"Trump's plan isn't really a jobs plan, either".... (and) "there is simply no guarantee that the plan will produce any net new hiring."

Check.

Trump's plan will probably "weaken prevailing wage protections... undermining unions and ultimately eroding workers' earnings."

Check.

What part of this plan looks like it will have a positive impact on the economy?

None. If Trump was serious about raising GDP to 4 percent, (another one of his promises) he'd increase Social Security payments, beef up the food stamps program, or hire more government workers. Any one of these would trigger an immediate uptick in activity spurring more growth and a stronger economy. And while America's ramshackle bridges and roads may be in dire need of a facelift, infrastructure is actually a poor way to inject fiscal stimulus which can be more easily distributed by simply hiring government agents to stand on streetcorners and hand out 100 dollar bills to passersby. That might not fill the pothole-strewn streets in downtown Duluth, but it would sure as hell would light a fire under GDP.

So what's the gameplan here? What's Trump really up to? If his infrastructure plan isn't going to work, then what's the real objective?

The objective is to allow wealthy corporations to buy public assets at firesale prices so they can turn them into profit-generating enterprises. That's it in a nutshell. That's why the emphasis is on "unconventional financing programs", "public-private partnerships", and "Build America Bonds" instead of plain-old fiscal stimulus, jobs programs and deficit spending. Trump is signaling to his pirate friends in Corporate America that he'll use his power as executive to find new outlets for profitable investment so they have some place to stick their mountain of money.

Of course, none of this has anything to do with rebuilding America's dilapidated infrastructure or even revving up GDP. That's just public relations bunkum. What's really going on is a massive looting operation organized and executed under the watchful eye of Donald Trump, Robber Baron-in-Chief.

And Infrastructure is just the tip of the iceberg. Once these kleptomaniacs hit their stride, they're going to cut through Washington like locusts through a corn field. Bet on it.

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