

Energy Insider by William Engdahl

About infrastructure investment

A Texas conference on water resource development points up some largely forgotten facts of economic health.

I want to share some of the conclusions brought out at the Feb. 27 Houston, Texas national conference on "Water from Alaska." They are urgently timely for every one of us to digest as we face a congressional-White House "debate" about the wrong issue—the size of the federal deficit.

The conference, sponsored by the National Democratic Policy Committee, drew more than 100 citizens from across the Southwestern and Western United States to deliberate on the growing western water crisis. The concrete solution presented was built on the 1960s proposal by the Ralph M. Parsons Company, who are leading international experts in water project construction, known as the North American Water and Power Alliance (NAWAPA).

I want to focus attention here on a vital aspect of this kind of infrastructure development.

Frank Moss, former Senator from Utah, addressed the assembled group on his intense efforts some 15 years ago to get a far less costly NAWAPA built. We could today be enjoying the enormous fruits of one of the greatest engineering projects in history.

Addressing the major political problem as one of "timidity," Senator Moss emphasized: "We must make no little plans. We must strive to organize a national consensus based upon vision.

What was most clear to Moss

about NAWAPA is precisely the point about the qualitative value of infrastructure investment in water, transportation, and electricity for an economy's healthy growth. "NAWAPA today may cost us \$100 billion" the Utah Democrat emphasized. "It may cost \$200 billion. It may even cost \$300 billion. It doesn't matter. Our experience with every major water project has been that the initial capital costs of such a project are more than offset by the increased tax base and gains from the influx of industry and commerce to the region."

This is the heart of the matter. A federal tax dollar spent on a water infrastructure project such as NAWAPA is not the prodigal waste of taxpayer dollars claimed by hysterics from David Stockman's office or Interior Secretary James Watt. In fact, as the computerized econometric model of the U.S. economy developed by *EIR* shows, there has been a remarkable historic correlation between periods of rising absolute infrastructural investment and subsequent leaps in the real productivity of that economy.

The converse also holds, as a subsequent *EIR* feature will elaborate. The massive net disinvestment in infrastructure following the 1973-75 "oil shock" caused a devastating absolute loss in real productivity, which triggered the present catastrophic decline in our nation's economic base.

From this standpoint, I have an obvious but unspoken truth to lay before you. The United States pulled out of the 1930s Depression *not* because of investment in armaments buildup. It was able to make that remarkable commitment of men and material in the 1940-45 period precisely because the government public works "prime-the-pump" investment in the 1934-45 period was the most massive investment in hydroelectric projects, water transport, and related infrastructure ever undertaken by any American government: the Bonneville Power Administration, which made possible the world's most productive aluminum industry; the Grand Coulee and a myriad of other flood control and hydroelectric projects which laid the basis for the postwar economic boom in Texas, California, and the Northwest; the Tennessee Valley Authority; and so on.

Without this commitment to qualitative improvement in the type of infrastructure which "produces productivity", the prosperity of the 1950s would not have been possible. A similar infrastructural spin-off from the 1950s, the Eisenhower National Defense Highway System, and the early 1960s NASA Space Program, continued to improve the productivity of the transport and communications underpinnings of the economy until the politically motivated slow-down of NASA in the late 1960s.

This was the last major infrastructural improvement of the U.S. economy. From this standpoint, anyone who argues that this government, in the midst of the early phase of a new Great Depression, cannot "afford" to build NAWAPA or major nuclear capacity is a damnable fool or worse.