

# NATIONAL CONSTRUCTION ALLIANCE II

1,000,000 members and growing!



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International Union of Operating Engineers

Douglas J. McCarron, General President  
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**Transportation and Infrastructure Committee  
U.S. House of Representatives  
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Thank you, Chairman Oberstar, Ranking Member Mica, and distinguished members of the Committee.

My name is Raymond J. Poupore. I am testifying on behalf of the National Construction Alliance II, a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners of America to support your efforts to revitalize America's economy. We appreciate the opportunity to join you today and welcome the new members of this committee. The two unions of the Alliance represent nearly one-million hard working American men and women. We build our nation's transportation and water systems, rail networks, airports, locks and dams, schools, power generation systems and the like, in a word: Infrastructure.

Experts tell us that we are in the worst economic downturn since the Great Depression. As the Chief economist for Moody's Economy, Mark Zandi put it "the economy is shutting down".

With all due respect to the experts, I do not need them to tell me how bad the economy is, I hear firsthand from my members who are ready and willing to work...but cannot find a job. As we look forward let's not forget what our forefathers did to make this country great. Lincoln gave us the Transcontinental Railroad, Roosevelt gave us the leadership to defeat the Great Depression through building infrastructure and Eisenhower gave us the Interstate Highway System. All of these investments to the nation's infrastructure made this the greatest, most productive country in the world. It is time to borrow a page from our forefathers' playbook and put hard-working Americans back to work by rebuilding the national infrastructure. Rebuilding the nation's crumbling infrastructure will provide workers with paychecks and dignity. It will increase our competitiveness in the global marketplace by stimulating our economy now.

As you have heard from other speakers, Mr. Chairman, the construction industry is in freefall. The unemployment rate in construction is over 15%. Over 1.4-million construction workers are out of work and looking for a job. Since its peak in September 2006, construction employment has fallen by 900,000 jobs. While the economic crisis started in the residential segment of the sector, the crisis has spread throughout the entire industry, leading to dramatic job loss in the heavy and civil engineering subsector in the last year. Just last month, this very important subsector lost 13,000 jobs. Overall, more than 100,000 construction jobs were lost in December. To put it simply, the financial crisis on Wall Street has affected all of us on Main Street.

Across the country, construction workers have borne much of the brunt of this economic crisis. Again, to quote Mark Zandi: "...the benefits of the stimulus should go first and predominately to those hurt most by the economy's problems." We couldn't agree more. Joblessness among construction workers is higher than in any other industry sector, except for agriculture. This decline will only get worse unless something is done.

Our nation cannot afford to keep losing construction jobs because they are the foundation of our economy. They provide family-supporting real wages to millions of workers, both union and non-union. The average hourly rate for a journeyman construction worker was \$22.37 in December 2008. By maintaining and creating new construction jobs, we will prevent numerous foreclosures, allow more people to purchase homes and buy the fuel efficient cars that my home town, Detroit, is producing.

As you consider spending roughly \$825 billion to boost the economy, the largest fiscal stimulus in American and, indeed, world history, it is important to remember the key role played by infrastructure investments compared to other strategies to revive the economy.

Infrastructure investments deliver a large stimulative effect, employing workers almost immediately. But the key point is this: every dollar invested in construction generates another \$1.59 that flows through the rest of the economy. This multiplier effect is higher for infrastructure investments than for any other element of the recovery package under consideration, except for direct transfer payments (i.e., food stamps and unemployment

insurance benefits). Slightly restated, investments in infrastructure have a broader effect and a bigger benefit to the economy than, for example, tax cuts— or any form of tax relief.

First and foremost, members of the Carpenters and Operating Engineers need paychecks. And the rest of the economy will benefit, not only in terms of the short-term job benefits and the associated multiplier effect but also by making an essential down payment in the competitiveness of the nation. Infrastructure investments are perfectly suited to the American Recovery and Reinvestment Plan.

We must not lose sight of the ancillary benefits that investment in the infrastructure brings to other areas of the economy. A spike in construction will provide a greater demand for construction supplies, equipment and machinery, architecture and engineering services, providing more opportunities for job creation in those industries and the industries they support. Thousands of small businesses across the country will benefit because they will be able to sell their products and services to construction workers, thus accomplishing our goal of moving our economy out of this recession and putting it back on the track to prosperity for all.

Both the Carpenters and Operating Engineers have first-class apprenticeship programs for those interested in achieving a career in these trades. It is through these various apprenticeship and journeyman upgrading programs that we develop the necessary skills to make our members the most productive workers on the planet with an opportunity to rise up into the middleclass and stay there.....as long as one simple fact is addressed.....they have a JOB.

According to the 2008 Mayors' Action Forum on Infrastructure, China and India are spending three to four times what we do as a share of their total economy on infrastructure investments. Those countries understand that the investment in infrastructure is essential in a global economy. Failing to significantly invest in our infrastructure will mean jeopardizing American economic dominance in the future.

Starting to improve our country's infrastructure will do more than merely address our immediate economic pain; it will help get America moving again. The cost of traffic congestion wreaks havoc on American families and businesses, exacerbating problems with air pollution, reducing quality of life, and costing billions of dollars in wasted time. Modernizing roads, bridges, transit and waterways will lead toward long term energy cost savings and immeasurably improving the quality of life for millions of Americans.

We must also factor in our country's safety. During the last three years, our country suffered the tragedies and embarrassment of the New Orleans levees failing during Hurricane Katrina and the collapse of the I-35W Mississippi River Bridge in Minnesota that killed thirteen people. Despite these tragic events, the levees in New Orleans remain

inadequate and unsafe; thousands of bridges across the country are decaying and are in danger of collapsing. Investing in our country's infrastructure will save lives.

Mr. Chairman, Americans urgently need work. An investment in infrastructure will deliver real jobs, with real paychecks, in the real economy. To those that fear passing this stimulus package, as Franklin Delano Roosevelt said, "the only limit to our realization of tomorrow will be our doubts of today."

We urge that the Committee support the enactment of a stimulus bill with an infrastructure component along the lines proposed by Chairman Oberstar. As the U.S. Department of Transportation has stated, for every \$1 billion invested in surface transportation infrastructure over 30,000 jobs are created in construction and the overall economy. Mr. Chairman and members of this committee, thank you for the opportunity to offer this testimony. We are eager to continue to work with you in this new 111<sup>th</sup> Congress. We know that members of this Committee are focused on getting Americans back to work and building the infrastructure of tomorrow.....today. We share the Committee's focus. Thank you very much.