



# ***Rodney's Take***

November 8, 2021

## **The Infrastructure 'Lawyer Support' Bill Passed**

For months, progressive Democrats in the U.S. House of Representatives held up votes on the bipartisan infrastructure bill to force a vote on the now \$1.8 trillion Build Back Better Plan. On Friday, U.S. Speaker of the House Pelosi broke from the Progressive Caucus and captured enough of their votes, along with a few Republicans votes, to pass the bill. Some of the items included in the trillion-dollar bill are

- \$110 billion for roads and bridges,
- \$39 billion for mass transit,
- \$66 billion for rail service in the Northeast corridor,
- \$65 billion for broadband access,
- \$25 billion for airports,
- \$55 billion for water and wastewater systems, and
- \$7.5 billion for electric vehicle charging stations.

Based on the massive amount of money expected to flow out of the door, the Biden Administration expects the infrastructure bill to create two million jobs per year. I agree, but not in construction. I'm guessing that most of the jobs created in the first two years will be for lawyers, paralegals, and legal research assistants, because most items on the list require environmental impact studies, and that's where the fight starts.

Anyone opposing the expansion of an airport, renovation of a bridge, or extension of a road won't have much success fighting the government head

on. Instead, they will use the time-tested approach of claiming, no matter what sort of prior studies have been done, that the environmental impacts of the proposed work weren't sufficiently analyzed. To see how this works, Google the Keystone XL pipeline or drilling permits in the Arctic National Wildlife Refuge (ANWR). Projects that were permitted over several years and at great cost were laid low in the courts.

While many of the projects in the infrastructure plan will take many months if not years to get off the ground, spending on broadband access could move a bit faster, but it will run into another problem that will plague all of the projects: people.

Biden and company expect the plan to create millions of jobs. What they don't discuss is where they will find the people to fill the positions. With help wanted signs posted like wallpaper in businesses across the country and firms paying bonuses for everything from fry cooks to software engineers, we don't have a huge pool of human capital sitting around waiting for construction jobs. As contractors bid for projects, they'll have to bump their labor costs if they hope to have enough bodies to perform the work.

Like so many other things, this will drive wage-push inflation, not just in construction, but also in industries that compete for the same workers, as businesses raise prices to cover their costs. Average hourly earnings increased 4.9% last month, which is great. Unfortunately, inflation is up 5.4% over that same time period, which erases all of the gains and then some. If the government quickly approves projects funded by the infrastructure plan, it could be more of a blessing than a curse, but at least it would keep more of the money out of the hands of the lawyers.

Rodney

Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).0