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SPECIFIC PROPOSAL AND FINANCING METHOD FOR TWO TRILLION DOLLARS WORTH OF INFRASTRUCTURE

Analysis
By C. Gordon Dillard

For Donald Trump

We propose that 50 billion dollars be spent this year: 2019

We propose that a Sovereign Wealth Fund shall be established to facilitate the expenditures of the 50 billion and in 2020 the Wealth Fund will be audited and its value less the 50 billion shall be made available to the President by the sale of 30 year approximately 3% government bonds in amounts equal to the Wealth Funds value. The President will then allocate to various infrastructure grants as well as direct funding of government infrastructure projects.

The President can at anytime audit and issue bonds in amount equal to the funds value less amounts already borrowed. A kick start of 50 billion dollars revenue from 30 year bonds at 3% is the value of the U.S. Strategic Petroleum Reserve which is transferred into the Wealth Fund; whereas some reserve is desirable for loans of oil when there are disruptions such as hurricanes, the current volume far exceeds that sort of need and it is as large as it is to guard against disruption of imported oil by sea. But today the U.S. is a net exporter of oil if you discount pipeline oil from Canada and the plan is to reduce the reserve by approximately half through sales

when oil is $75 a barrel and above and perhaps buying oil when the price is half that and selling options to buy in the futures market with a revenue of about 12% per year against an interest cost of 3%.

The Wealth Fund can be set up without congressional action by executive order. Ditto the transfer of the oil reserve since it is already under presidential control. But the primary funding will be from the gas tax and we must have bi-partisan support for a $0.05 a gallon progressive increase in the gas tax and for a resolution that all gas tax proceeds, current and increased, go into the Wealth Fund to be matched with cash for infrastructure from the issuance of 30 year bonds on a continuing basis.

Sovereign Wealth Fund:

$1 is invested in Wealth Fund from gas tax money

$1 is spent by fund on assets (For Example: Apple Stock)

$1 is borrowed at 3% per year interest for 30 years

Apple stock produces 12% per year revenue by selling options for someone to buy the Apple stock from the fund for exactly what the fund paid for the stock.

The stock provides +9% per year over cost of borrowing.

At the end of 30 years when the bonds come due if we have sold the stock we have the cash and if we still own the stock it is reasonable to assume that it will be worth many times as much as it was 30 years ago.

Stock might be an asset of the fund; oil will be an asset of the fund and it will work just like the stock generating about 12% per year in revenue off of options sold to someone wanting the oil at a guaranteed price in future time – so it's again 12% per year revenue against an annual interest cost of only 3% - a 9% profit on the value of the fund per annum.

When the option is exercised if it is exercised then the option buyer pays the cash for the stock or for the oil and that money is used to buy more assets. And options are sold on the asset. Oil is a little different because we want to reduce the size of the reserve selling when prices are high – say in the futures market maybe a year out. But the economics are essentially the same as for stock equities.

The total value of the fund less the amount of bonds is published 10 days before Presidential Election and 30 year bonds of that exact value are sold providing the new President or the old President with cash to fund infrastructure.

The Dow Jones is up ten fold from 30 years ago. So if we had brought stocks then with money borrowed at 3% and had sold options on the stock at 1% per month or 12% per year making a profit of 9% per year – at bond maturity we could sell 10% of the stock and pay off the loan – and keep 90% of the stock and have bought infrastructure worth the total original value of the stock due to the "multiplication effect."

The "multiplication effect" for which Fearless Leader should get the Nobel Prize in Economics is huge. It makes sense to put as much money as possible into the fund – never taking out value but always offsetting value with a 30 year 3% loan.

We put in the oil at a value of 50 billion.

We put in the gas tax both current tax and an increase of $0.05 a gallon; but it is a progressing increase of $0.05 a gallon each year

for 20 years: $0.05 this year, $0.10 next year, $0.15 the next year all the way to $1 a gallon in 20 years – we figure that such a gradual increase will have no negative effect on the economy.

The current tax is worth about 37 billion annually and the $0.05 is worth maybe 7 billion per year, 14 billion, 21 billion, ect.

We jump start the infrastructure stimulus to the economy with an expenditure of 50 billion within the next 90 days. Say a billion dollar project for each state and the fund picks up maybe 4 billion per month thereafter.

This plan injects 100 billion dollars into the economy by 2020 with almost only a $0.05 a gallon gas tax and existing funds.

Of course it could be scaled up with more money going into the fund from other sources.

This was supposed to be the Republican plan to be presented to Pelosi and Schumer in meeting with Trump but the meeting was called off and this proposal was never used.