Insight

Puppies, kittens, sunshine and infrastructure

DOUGLAS HOLTZ-EAKIN | JANUARY 31, 2011

Everybody supports infrastructure. Opposing infrastructure is like being opposed to puppies, kittens and sunshine. Liberals love it because it is big government and big spending at the same time. Conservatives acknowledge that in a market economy there will be a targeted role for government activities like national security, infrastructure, primary education, and basic research that has economy-wide benefits.

But for the second time in my professional lifetime (the other being *circa* 1992 and the original Clinton stimulus package), the discussion on infrastructure has become unhinged from reality. I spent a long afternoon this past Wednesday at the Education and Workforce Committee listening to paeans to infrastructure dollars.

Let's drag this discussion back to reality.

First, it is *not* about the jobs. My co-author Martin Wachs says it best: Looking back, would it make sense to judge the impact of the interstate highway system by the construction jobs it created? Of course not! The interstate had broad, economy-wide productivity benefits and it enhanced the consumption of American families (well, at least my parents who seemed to enjoy those road-trip vacations). These are *durable* national benefits by which an infrastructure program should be judged.

The interstate also redistributed economic activity — toward ground-based transportation and away from air and rails, and toward those places adjacent to the interstate and away from those left behind. These impacts have a zero-sum nature and should be discounted from any putative benefits of the spending.

But most important, the same construction spending could have built a myriad of other things that had no real national benefit. Doing so would have been a waste then, and it is a waste now.

Second, federal infrastructure spending should be about *national* benefits. I could not believe my ears in the hearing as I listened to a congresswoman from Long Island complain about water mains in need of repair. If the water mains are broken, why is that a *national* problem or priority? What have the good people of Long Island been paying their property taxes for? Why does any local politician involved still have a job?

The federal government should not plow another dollar into any transportation or other infrastructure spending program that does not clearly identify the national benefit and the federal interest in the problem. A huge amount of infrastructure does not meet this test.

The third point is that infrastructure can provide either consumption benefits (parks, national seashores, etc.) or productivity benefits (intermodal connections in the freight network, etc.). Faster economic growth depends at its core on re-orienting away from a consumption-driven economy to one driven by saving, innovation and investment. In the public debate, that means that at this moment any spending on productivity infrastructure may get the benefit of the doubt; the rest should not.

The final aspect of infrastructure is that how it gets used and maintained is often more important than building it. The liberal bias against public-private partnerships that provide efficient management or user-fees that reveal valuable projects (*i.e.*, those that people are willing to pay for) versus dubious ones (i.e., those that people are not willing to pay for) needs to be put behind us. Infrastructure policy should not be about the spending; it should be about the services infrastructure provides and pricing schemes that value those services and provide resources to fund their maintenance.

So, before this cheap infatuation with infrastructure spending turns into a long-term relationship, before we spend another dollar, let's apply the Meat Loaf Test:

Stop right there!

I gotta know right now!

Before we go any further!

Do you love me?

Will you love me forever?

Do you need me?

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