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Is America's Infrastructure "Crisis" Just Another Crisis for Socialism?

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You can tell Congress is getting close to the reauthorization date for federal transportation programs (September 2009) when publications of thoughtful commentary begin producing articles on the infrastructure crisis confronting America and the need to increase taxes and spending. Not too far behind in this doom-and-gloom exercise are the many trade associations, foundations, and lobbying groups hoping to influence the debate and the money scramble that follows. State and local officials are also joining the campaign.

Although these many tax-and-spend positions distinguish one from the other, many take their inspiration from the badly flawed report by the congressionally created National Surface Policy and Revenue Commission, which recommended massive increases in taxes and spending.[1]

Encouraging this lobbyist/trade association feeding frenzy is the promise by the chairman and ranking member of the House Transportation and Infrastructure Committee to seek as much as a half a trillion dollars in transportation spending in the next highway bill, compared to the $286 billion in the 2005 bill. Left out of the discussion is the fact that this goal would require a near doubling of the federal fuel tax at a time when gasoline prices have been hovering between $3 and $4 a gallon. But as the recent history of both federal and state transportation policy reveal—and notwithstanding huge increases in spending—government's ownership and operation of roads and transit have contributed to deteriorating service and quality in both, and throwing more money at these programs will do little to alter this sad state of affairs.[2]

Same Old Song. Many involved in this exercise to increase taxes for transportation see their efforts as timely and urgent. But aggressive efforts by the business community and state and local officials to tap into the federal treasury to fund local transportation projects are as old as the republic, and they are no more sensible today than they were two centuries ago.

National infrastructure worries and pleas for federal money first emerged in the internal improvements debate of the early 19th century during the administration of Thomas Jefferson and continued through most of the 19th century. In its earliest incarnation, this debate focused on federal funding for canals, which Presidents Jefferson and Madison wisely resisted, as canals (with the exception of the New York state funded Erie Canal in its early days) represented a costly and obsolete technology soon to be displaced by the emerging steam-powered railroad technology, which was largely financed by private capital. Little has changed since that debate, and a predictable process of crisis mongering continues through the present.

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www.heritage.org/Research/SmartGrowth/wm2111.cfm

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Government Getting in the Way. Despite the national attention it has received, much of the current debate on infrastructure is simply wrong, and it may very well be more wrongheaded today than at any time in the past two centuries. More to the point, as any list of infrastructure "needs" and "problems" reveals, nearly all troubled areas can be described as those where *government owns and operates the means of production*. In effect, what Americans now confront is a problem familiar to the citizens of Bulgaria and Belarus: The crisis of socialism.

Note, for example, that all of the important types of infrastructure that are included on the current crisis list—airports, air traffic control, sewage treatment, water supply, highways, and transit—are all largely the responsibility of federal, state, and local governments. The infrastructure types that seldom make it onto this crisis list are those provided by the private sector: In just the energy and transportation area are the pipelines, oil and gas wells, refineries, power grids, electricty generation, freight trains, aircraft and automobile supply, drilling platforms, storage tanks, filling stations, etc., that seamlessly, efficiently, and safely deliver energy products and transportation services—24/7—to American consumers and businesses with few interruptions. As the Depression-era comedian Will Rogers is said to have observed, the way to end traffic congestion is to get government to manufacture the cars and private business to build the roads.

Same Customers, Different Approach. Other valuable forms of infrastructure that never make it onto the crisis list because they are privately financed and operated include the vast and rapidly growing information technology grid that gives us a choice of dial up, broadband, cable, optical fiber, Wi-Fi, wireless, hard wire, broadcast (including satellite), and, maybe soon WiMax, all of which provide reliable and inexpensive access to the global communications network. Equally important is the construction and development industry that provides an abundance of office buildings, shopping centers, warehouses, and all types of residential housing. Indeed, if there is any ongoing problem with the private construction market, it is one of occasional overproduction, not shortages. And the list goes on of all the privately provided infrastructure available in abundant supply—amusement parks, farms, health care facilities, beach rentals, supermarkets, dog kennels, golf courses, restaurants, etc.—but discerning readers get the point: Infrastructure provided by the private sector is robust, reliable, and high quality. It is expanding capacity and offering many choices at competitive prices.

Perhaps nothing makes the relative point of value between state and federal socialism and the private provision of services better than the attitude of both toward their customers. Note that federal and state transportation departments and local water supply systems (whose pricing, distribution, and supply are unduly influenced by politics and are short on technological innovation) have recently adopted the austerity model of service provision—blaming their production problems on customers that buy too much and increasingly relying on punitive efforts to discourage use. In contrast, imagine, say, a Google or a Wal-Mart begging customers to use less of their services. Yet that is exactly the current strategy of many government transportation and water supply departments.

Socialism in Disrepute. The difference between the two sectors—public and private—is the real American infrastructure story: Our infrastructure is deficient only in areas where we rely on an economic system that the rest of world (save places like Cuba, Venezuela, and North Korea) abandoned two decades ago. With the reauthorization of the federal surface transportation program still more than a year away, there will be plenty more opportunities for learned journals to explore this more important aspect of America's bipolar world of infrastructure

1. See Ronald D. Utt, "The Transportation Commission's Proposed 200 Percent Gas Tax Increase: One of Several Bad Ideas in Its Report," Heritage Foundation *Backgrounder* No. 2103, January 30, 2008, at *http://www.heritage.org/Research/SmartGrowth/bg2103.cfm.*
2. See Ronald D. Utt, "Reauthoriazation of TEA-21: A Primer on Reforming the Federal Highway and Transit Program," Heritage Foundation *Backgrounder* No.1643, April 7, 2003, at *http://www.heritage.org/Research/SmartGrowth/bg1643.cfm.*

dysfunction. In the meantime, Congress and the White House should be looking for responsible ways to begin the process of shifting more infrastructure responsibility from the public to the private sector.

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