

InfrastructureUSA

Maya C. MacGuineas, President, Committee for a Responsible Federal Budget

**Interview by Steve Anderson, Managing Director, InfrastructureUSA
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Maya C. MacGuineas on:

Infrastructure spending:

There are two major changes that need to be made in our budget. One is that we need to start paying for the things that we spend, and two is that we need to really shift our priorities from a budget that really focuses on consumption to one that focuses on investment. So when it comes to infrastructure it's clearly an area where there has been under-investment in our country, and I think that we actually need to target more dollars there. But I wouldn't say, as many advocates of infrastructure spending do, that that means we should borrow that money. We should pay for it. If something's worth doing, it's worth paying for, and we've already borrowed so much that we've kind of tapped out the nation's credit card. So my recommendation would be spend more on infrastructure by shifting away from other spending priorities. And, again, re-allocating our budget from a consumption budget to an investment budget, which would be much healthier in the longer term. But if it's financed through borrowing, that could undermine the positive economic effects that that investment could have.

The limits of federal debt:

We can't borrow any more money. Our creditors, in short order, are probably going to say "No more. We're not really interested in where you're borrowing our money. We are noticing that you have twelve trillion dollars in debt and no plan to bring that down as a share of the economy." So, again this sort of what happens when you've been irresponsible. I don't look at it as throwing up a roadblock. I think that people should be willing to pay for what they want to spend. It's not a crazy, high bar to set for anything. It's sort of basic math, and that's a principal that has to be brought back into the federal budget, and any politician knows that. They just don't want to make the tough choices that are involved.

The danger of under-investment:

I have been ringing the warning bell for years saying we're under-investing in this country and it's a result of government focusing on consumption instead of investment, and it's completely the wrong priority. I've been ringing those bells but people aren't willing to say budgets are about tradeoffs, which they are, and if you want more of something you need to have less of something else. And I

think it's correct to say we are headed in a dangerous direction from under-investing...

The priorities of the Obama Administration:

In 2010 it's clearly going to be the year of the budget for them, and they're going to focus on that. They're going to recommend a tough budget, but I'm not sure that they're going to push politically for it because of midterm elections and other kinds of political considerations and that's too bad because I think time is running out. In terms of infrastructure, they made it a priority when they ran. My guess is because of fiscal concerns, there will not be much done on infrastructure other than what was put on the stimulus package. I don't think it's something there will be a big push for...I think they kind of put healthcare first, energy may well come second, and then budget is going to take up most of the oxygen in the space for the next couple of years. So I don't think there will be a whole lot of new, major initiatives.

www.InfrastructureUSA.org

212.414.9220

info@infrastructureusa.org