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Guest on THE INFRA BLOG

Richard Ravitch, New York State Lieutenant Governor

Lt. Governor Ravitch spoke with Steve Anderson, Managing Director, InfrastructureUSA at the 2010 New York State Transportation Summit, sponsored by New York State Department of Transportation, held at McGraw-Hill Conference Center, NYC, 9/24/2010

Richard Ravitch:

Why infra has been losing the battle for public funds

There is no denial, for me, that there is too much pressure to spend public resources on other things, because the compelling pressures of spending money on healthcare and education as a political matter are driving the expenditures on infrastructure down, relatively, and we feel that particularly acutely in New York. Particularly in a metropolitan area like New York City the entire economy, all property values are totally dependent on an efficient and successful public transportation system. I think the public has to understand why infrastructure never seems to rise to the level of necessity in the battle for public funds. It should and there are several reasons for that. One, the gestation period of most infrastructure projects lasts longer than the terms of office of most politicians. So the political attractiveness of starting a massive new project which is not likely to be associated with the groundbreaking until long after most people's terms of office will have expired. It doesn't—nobody will admit this, but that doesn't create incentives for many politicians to do that. Any infrastructure project—a significant one—in a democracy, has location issues that are in the best sense and the worst sense ultimately politically divisive issues. And they take a long time to resolve. Second of all, responsible people such as the pros in the Department of Transportation, State of New York, estimate the cost of something when the process begins because they have to attract the attention initially of governors and mayors and they, of course, want to know what it's going to cost. And given the extraordinary inflation that we've had until just recently, in the construction costs and the cost of steel, etc., given the length of time it takes to get to the point where you're in a contract, there's always an inflation cost, which causes a problem. Third of all, the other side of the problem is that we have rules in government—for understandable reasons: to protect the public against corruption, to ensure competition—and there are many of us who feel the urgency of addressing these infrastructure problems who are frustrated by the fact that the rules make the process so prophylactic that not only do we prevent bad things from happening, but sometimes—I can mix my metaphors—the baby doesn't even get conceived.

Port Infra

Our economy is in bad shape, industrial production has been declining for a long time, it's hard to have a thriving economy when we're not producing much to sell around the world. The Chinese, the Indians and the Vietnamese are accelerating their public infrastructure at an incredible, better, faster rate than we are. You know, in a world where the globalization of the economy has occurred at the rate that it has and you look at the ports in the United States compared to the ports in China and India and Rotterdam and Hamburg, we are way behind the times. Our cost of moving goods in the United States, even if we can start manufacturing again at competitive prices our cost of moving goods is an enormous impediment to the growth of the American economy.

Citizen engagement

It's very easy to say that you wish that the public would be more active in petitioning for the kinds of investments that are necessary, but the reality is that the subway system in New York can be in decline, as it was when I became chairman, but the only thing that arouses the public is when you raise the fare. People said the world was going to come to an end when I, over a few years, doubled the subway fare in New York City, but I'm proud to say that we have a better system and we have a million more riders than we did then, and God knows where we'd be if we hadn't spent the money. So it wasn't the public pressure that got it done, it was the fact that, ultimately, the business community recognized that their self-interest was served by preserving--indeed, enhancing -- the public transportation system. Second of all, people take for granted that they can have parks and schools and fire houses and police stations They never had to lobby for that, there's never been a citizen's march in Albany for that kind of thing—they assume it. And historically, if you think about it, states have always had the primary responsibility for this, and what you lose sight of is the fact that in the United States about 80 percent of the infrastructure expenditures are made by states or instrumentalities of states. It's great when the federal government comes in and helps from time to time, as they did with the highway trust fund, as they did in the beginning of the 70s of aid to public transportation.

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