InfrastructureUSA

Guest on THE INFRA BLOG

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Infra Awareness is Growing

There's no question that infrastructure has been moved closer to the front burner of the national policy discourse, particularly from where it was ten years ago, where it was just the province of the back rooms and the boardrooms of infrastructure people. For many reasons, it's been moved forward and that's been helpful. I also think that when you go into different cities and metropolitan areas—this is just anecdotal, but from my own perspective, we would go in fifteen years ago and you spent a lot of time trying to get folks, leadership folks, public, private, philanthropic, non-profit, the general public, to understand the right kind of projects that they needed. I don't think that's the case now; you go to those places now and they know what they need. I think the understanding of infrastructure is fundamental in many places now. The challenge we have across the board is how to get it done: what are the funding tools to do things; what are the regulatory reforms that have to happen, from a policy perspective; what are the capacity issues that exist now to think through some of these difficult complex deals. I think we've made a lot of progress.

States and Cities are the Real Innovators

There's no doubt that the paralysis in Washington is real and pervasive. I think we overemphasize, though, the federal role in a lot of this. And maybe that's because the federal government has taken a lead role, historically, in the interstate era: the transportation reforms of the 1990s, the stimulus package and shovel-ready projects. The federal government has had a visible role, but for transportation and water, which are two things mainly funded by the public sector, only about 30% max of total investment has come from the federal government. Mostly it's state and local. The federal role is overemphasized in a lot of ways, and then there are other areas of infrastructure like energy, freight rail, telecommunications, where the funding role is almost non-existent. Now there's clearly regulatory oversight in a lot of ways but I don't think the federal paralysis is the excuse for why things are not getting done now. I think, in fact, the federal paralysis is making states, cities, metropolitan areas experiment with a whole host of different things in order to get projects done. Going to the voters for ballot box referendum: 70% of them got approved last year, reorienting existing spending. The state of Michigan had to go through a debate where an income tax refund was inevitable. They were going to send some of the budget surplus money back to the residents of Michigan, a very hard hit state during the recession. They decided they're not going to give it back to the residents of the state; they're going to invest it in potholes because it had a tough winter. So these are examples of working with the private sector, these are examples of how the sclerosis that's happening in Washington and the fact that there's no cavalry coming is actually unleashing a wave of innovation out there that we're just on the cusp of now. That's a good thing that's happening.

High-Speed Rail in the USA: Complicated, but Possible

We know that high-speed rail only works in certain conditions because trips have to be relatively short: we think about 400 to 500 miles is about the right distance. It has to be probably within one state, given the challenges we have with interstate cooperation, and they have to be connecting up to metropolitan areas that are actually connected economically and not just in close proximity to one another. We have not really done that kind of analysis, first of all. The high-speed rail program that the administration put forward a few years ago started to get this way, and I think that the California project hits all those things: it's within one state, it's about the right distance connecting L.A. and San Francisco, two metropolitan areas that are clearly economically connected. But we're late to the game, and so it's not as easy as it may be in other countries or other areas where you're going through parts of these countries that are not developed; there are things in the way. For high-speed rail to be truly high speed it's got to be pretty straight, pretty flat and the challenge of doing that in the existing place is difficult. But the model we should take from other countries is to get one piece running. Get one piece up, have it running, demonstrate that it works and then you iterate from there. You start another piece, and then you start maybe two pieces, then you start another piece. The Chinese model of just building lots of it all at once works in China; it's not how they did it in Japan or in France or in Germany or any other countries, so you've got to start slow and it's got to be done right. Once that happens I do believe that Americans will be clamoring for these kinds of investments. We're just not seeing it here yet; we've got to get one done and then the rest will follow.

Americans Aren't in Love with Cars, the Government is in Love with Car Subsidies

I believe that Americans are not bound to one mode or another. Highways this and trains that and bikes and pedestrians—people will take whatever trips they have to take. They'll accomplish them however they can do it quickest, cheapest, the most predictable and efficient. It's going to be transit in some cases; it's going to be walking in some cases. People are going to make rational decisions. I don't think that the philosophy, the love affair with cars, is as pervasive as it's made out to be. People will do whatever they have to do to get wherever they have to go, whatever makes sense. Now, it's certainly true that we have subsidized automobile travel to a tremendous degree for a very long time, and we've subsidized air travel for a very long time in this country and so that's made it very cheap and inexpensive and very convenient for folks to drive, so folks are doing that. It's changing now as those subsidies start to get weeded away, as we stop the massive out-migration of people and jobs from metropolitan areas and as we start to reinvest in the existing system, we're seeing differences in how Americans are choosing to travel and the drops in driving that are happening are real and are significant, and is such a dramatic change from what's happened since the 1950s. We're used to increases in driving year after year after year after year. In the early 90s it started to level off, and then in 2000 it started to plateau, and then the recession really made it drop and it continues to drop, so the per capita driving is dropping. Again, Americans are driving less. It's sustained; it's something that's real and doesn't seem like it's changing anytime soon. What's happened with "Millennials," with their driver's license choices, some of this is obviously due to the recession. If you're not working, you're not driving; you're not choosing to drive. But something very different is happening now that I think we're just starting to wrestle with as a nation. And that gets back to my original point about the Highway Trust Fund. As we drive less, and when we do drive we drive more fuel-efficient cars, we purchase less gas, less money for the gasoline tax, less money for the transportation programs, so all these things are knitted together.

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