The Washington Post

# Five myths about infrastructure

To know what infrastructure we need to build, we need to have an idea of what kind of world we want to live in. (Stephen Taylor/ Alamy Stock Photo)

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August 4, 2017
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Infrastructure is having a moment — rhetorically, at least. President Trump's "Infrastructure Week" in June came and went without a plan or any tangible changes. Meanwhile, congressional work on Trump's proposed $1 trillion infrastructure package may have to wait until next year. But before the president or Congress undertakes any big moves, here are five common misconceptions we should demolish.

## MYTH NO. 1

**New infrastructure projects would reduce unemployment.**

In his inaugural address, Trump vowed to “build new roads, and highways, and bridges, and airports, and tunnels, and railways all across our wonderful nation” and explained that we will “get our people off of welfare and back to work rebuilding our country with American hands and American labor.” This is a familiar theme. President Barack Obama said essentially the same thing during his time in office.

While it is certainly true that more projects would mean more demand for man-hours of work, Americans are mostly already working, with the unemployment rate of roughly 4 percent at its lowest point in years. And while there is regional variation, the building trades are getting lots of work overall. It isn’t clear that there would even be enough skilled American labor to undertake any massive infrastructure program without cannibalizing existing projects and driving up the price of construction by private enterprise, thus reducing incentives to create new jobs.

MYTH NO. 2

**Regulations kill infrastructure projects.**

In explaining his plans for rebuilding America during “Infrastructure Week,” Trump proposed that “a few simple pages” of rules could replace the current complex regulations, boosting infrastructure projects. Trump’s promise echoed long-held conservative dogma that regulations, particularly environmental-review requirements, stifle major projects. For instance, in a report detailing alternatives for generating $1 trillion in infrastructure investment, the conservative Heritage Foundation suggested “reforming regulations that hamper infrastructure projects.”

But if job data is any indication, regulations do not result in an overall reduction of activity in the infrastructure sector, though they may change what kinds of projects are undertaken.

Since the publication of Rachel Carson’s classic book on environmentalism, “Silent Spring,” 55 years ago, the implementation of regulations — specifically environmental rules — has spurred infrastructure projects all over the country, from air pollution control to solar-power installations and more. In 2012, for example, a Maryland-based environmental group announced that cleaning up the Chesapeake Bay by upgrading sewage systems would create 240,000 jobs. And more regulations requiring, for example, smart grids to distribute renewable power would result in extensive project starts.

MYTH NO. 3

**Private investment leads to infrastructure projects.**

In his recent budget proposal, the president called for spending $200 billion to “incentivize” private investment to build infrastructure. Again, this is a familiar move. Obama regularly called for “leveraging” private companies to achieve a larger civil works agenda, focusing on an infrastructure bank that would organize this effort.

What Trump and Obama hoped was that investment in infrastructure equity by the private sector would fuel a building boom. What they have overlooked is that the private sector has always funded civil infrastructure by underwriting and buying municipal bonds, which allow local governments to borrow money from private investors in exchange for interest and tax benefits. What is now proposed is merely a different financing structure: private investment in equity — in other words, an ownership stake — in these public facilities, which supposedly will mean more new projects.

But this is a mistake. The mode of raising capital does not cause development. Projects happen either when there is an investable private opportunity or when the government levies a tax or authorizes a user charge, such as a toll, to fund the repayment of a capital investment. Private investment is a way to raise capital, but no evidence suggests that private investment itself causes projects to happen.

**MYTH NO. 4**

**Infrastructure spending will spur growth.**

The American Society of Civil Engineers annually issues a “report card” on the condition of American infrastructure. According to this year’s report, we are not in good shape. What could fix our D-plus grade? The society reports that we need to close our “$2.0 trillion 10-year investment gap” with a healthy round of infrastructure spending. According to the Treasury Department, these kinds of investments are important for “spurring growth.”

During the global financial crisis, economists saw infrastructure spending as a better option than “throwing money out of helicopters” — metaphorically speaking — to goose the economy. They may have had a point at the time, but these days, U.S. economic growth is not particularly slow, so speeding it up would probably take more than spending on infrastructure (or throwing money out of helicopters). And though the condition of our existing infrastructure is generally appalling, that’s a repair and maintenance issue, not a result of too little investment to begin with. (If we have gotten to the point of calling filling potholes and repainting bridges “infrastructure investment,” then we have a bigger problem than we thought.)

Finally, it’s not clear that an infrastructure boom would necessarily result in economic growth, especially not in the short term, when big projects can slow things down. For instance, a recent study of Uber trips in Melbourne, Australia, demonstrated that major transportation projects are creating significant traffic congestion. “You’ve got these very large projects . . . that have a short-term impact on the travel pattern of a city,” Brendan Lyon, chief executive of Infrastructure Partnerships Australia, told a Melbourne newspaper. And since congestion can slow economic growth, big projects shouldn’t be deployed with short-term growth gains in mind.

## MYTH NO. 5

**We know what infrastructure we need.**

With financing proposals on the table from the president and the Senate minority leader, among others, it seems we already know how we’d spend that capital. After all, if both parties want to drop $1 trillion on infrastructure, presumably they know where it should go.

Yet these proposals don’t mention any particular projects. So it’s worth asking: What exactly would we build if we could marshal the political will? Underground high-speed rail? World-class international airports? More roads? And where — in the growing urban centers or the declining Rust Belt? With all the talk about building something, the only specific “infrastructure” proposal that gets any national attention is a southern border wall.

Infrastructure spending is, more than anything, a public policy tool, a way to encourage or enable certain ways of life and modes of commerce. How and where will we live in the future? What kind of energy should we plan to consume? Do we accept a human role in climate change, and will we encourage patterns of commerce and life that reduce that? Should the global trend of urbanization be encouraged by investing in cities or discouraged by facilitating extreme commutes and rural lifestyles? Is potable public water a civil right or a costly service? What kind of jobs do we want for future generations of Americans?

These questions aren’t simple. They require us to bring our judgment and values to bear, and until they’re answered, it’s not clear what infrastructure we need. Before any candidate or elected official tries to sell you on an infrastructure plan, they first need to explain what kind of world they’re trying to build and what vision of the future they want to build it for. Otherwise, it’s just more empty promises.