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Trump's Infrastructure Plan Is A Shell Game

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President Donald Trump delivers his State of the Union address during a joint session of Congress in the Capitol on Tuesday. (Photo By Bill Clark/CQ Roll Call)

If you buy that we can build more infrastructure in America by spending less money, then I have a bridge to Brooklyn that I want to sell you, or at least an overpriced condo in a Trump building where you can park that hot money from overseas.

As the old adage goes, how do you tell that the developer is lying? When his lips are moving. Or in this case, when his plan provides \$200 billion in federal funding for infrastructure, most of which will probably be accounted for with mere extensions of prior year recurring appropriations, but in the State of the Union message he says he is going to build \$1.5 trillion of stuff to close the “infrastructure deficit,” a term popularized by the American Society of Civil Engineers. Never mind that the term refers only to deferred maintenance and their number is actually \$2 trillion.

Like the Obama administration before him, President Trump proposes to leverage federal dollars to encourage private investment, not a bad idea in the abstract. His new twist is to also “partner” – a

vogueish term in the infra world — with state and local governments as well. Let me break this all down: Federal dollars, private investment, state and local partnering -- these are all financing mechanisms. The funding will always come from the same place: the wallets of the American people. In infrastructure as in life, there is no free lunch.

If the financial burden is pushed down to the state and local governments, they will need to raise taxes or user fees – like tolls—to pay back the borrowed money. If private investments are made, the investors will require a return on investment from either user fees or government contracts, which in turn would be funded by taxes.

By proposing less federal money, Trump is playing a shell game, pushing the responsibility to raise taxes to governors and mayors, and right after signing a tax bill that eliminates the deductibility of state and local taxes, making it just about impossible to raise taxes. He gets to claim fiscal purity on this issue and pass the blame to others—because the problem will not get fixed.

The responsible debate is who should pay, not how these funds will be raised. Should all Americans share the burden (federal taxes), all citizens in a given state (state taxes), only the users of a particular road, bridge, etc. (tolls), or some combination? The question gets complicated when you consider that making some infrastructure free or low cost serves a public good (mass transit) as does making other stuff expensive (rush hour road use). These challenges would best be addressed in the context of reports and analysis by engineers and urban planners. Which is why it takes more than a year to approve a big dig project. Maybe getting approval for a new luxury hotel should take a year as Trump now proposes for new infrastructure, but once in a lifetime infrastructure should take longer to plan.

Infrastructure has long been used as a mere talking point by politicians. This time through it is a developer doing the talking and if we buy what he is selling, it's our own fault.