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\$2 Trillion For Infrastructure Is Just A Start



Joel Moser Contributor

Energy



U.S. House Speaker Nancy Pelosi, a Democrat from California, left, and Senate Minority Leader Chuck Schumer, a Democrat from New York, exit after a meeting with U.S. President Donald Trump at the White House in Washington, DC, U.S., on Tuesday, April 30, 2019. Democratic leaders said they agreed with Trump on aiming for a \$2 trillion infrastructure plan Tuesday, while leaving open the pivotal question of how to pay for it. Photographer: Stefani Reynolds/Bloomberg © 2019 BLOOMBERG FINANCE LP

The recent announcement of a high-level plan to spend \$2 trillion mostly federal dollars on American infrastructure is a welcome contribution to the discussion even if the plan itself is doomed to certain political failure in the current political

climate of Washington. This is because it signifies a recognition of the magnitude of the immediate problem.

The much-cited infrastructure “report card” of the American Society of Civil Engineers puts the price tag for necessary work on our several infrastructure systems at \$4.5 trillion. With \$2 trillion from Washington, matched by State and local dollars, and a few hundred million coming from private investment where possible and appropriate, the outline of a workable plan emerges. Gone is the fantasy that the States and the private sector can shoulder most of the burden with a nominal amount of Federal dollars for “leverage” plus a few tax incentives.

This plan will, however, never pass and the conversation will continue, and it must, because that \$2 trillion and the total \$4.5 trillion is necessary and it’s just a start. A reading of the engineers’ report reveals that the work to be done with that sum is merely the total deferred maintenance budget plus a list of necessary capital upgrades to existing systems. That’s just the first part of the story.

Make no mistake, spending \$4.5 trillion in the manner set out in the report card will go a long way. It will fix most of what Americans see every day as deficient in our basic systems: deteriorating highways, slow rail systems and unsafe drinking water. But the kind of work required to address these needs didn’t used to be called “infrastructure.” We used to call it repairs, maintenance and service upgrades. Now let’s call it what it has really become: a national emergency.

But please stop calling it “infrastructure” which makes it seem like it’s a) discretionary and b) transformative. It is neither. The roof is leaking, it needs to be replaced and it will not make a huge difference in how we live in the house. Lots of things in life are necessary and boring. We hope we can rely upon our governments to take those very basic actions as they relate to civil works, and without controversy.

Here are a few things that historically constituted infrastructure projects that were undertaken not out of need but based upon vision: the Erie Canal which made New York City the global center it is today; the Transcontinental Railroad which linked together a vast nation torn apart by civil war; the Hoover Dam

which helped transform America's Southwest. There are very few projects with the vision or near the scale of these examples underway in America today.

What are the infrastructure projects that should be in planning in America today? Better to be asking urban planners and not politicians. But the challenges are clear: climate change, technological growth and urbanization. Addressing climate change is a collective challenge requiring collective, and, specifically, government action and spending. Both in preparing for the now inevitable changes from warming that are and will continue to occur, and in transitioning to a lower carbon world, massive infrastructure investment will be required.

Much of that investment will need to be in urban areas (why this will never happen in the current political environment). This is not only because so many major urban centers are coastal but because urban lifestyles are more energy efficient and more susceptible to lower carbon activities such as mass transit. Fortunately, this aligns well with a long-standing independent megatrend of urbanization, with American population increasingly seeking to locate in urban areas. From parks and cultural centers to water and transportation systems, American cities will need more basic infrastructure, not just to have what is there fixed.

Part of what drives urbanization is a shift in job creation from manual labor to intellectual and creative work, particularly around the technological transformation. We will need not only better telecom investments but also a transformed education system to train the workforce of the future.

It would be hard to put a specific price tag on building the infrastructure of an America that has tackled climate change, both its effects and its causes, connected its citizens with cutting edge information technology and resources, rebuilt our cities including their cultural and educational facilities to welcome a swelling population, and trained its youth in the jobs of the future; but I am guessing that it's quite a bit more than the \$4.5 trillion we need to be ready to spend now to fix what we already have in place.

Sadly, it is unlikely that our political leadership will be able to achieve even that much more modest and necessary goal.

Joel Moser is Founder and CEO of Aquamarine Investment Partners, an Adjunct Professor at Columbia University (International and Public Affairs) and a member of the Council on Foreign Relations.



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