

## **Nation needs better infrastructure; taxpayers need relief**

May 18, 2017

President Donald Trump is pledging \$1 trillion of new public and private investment over a decade, and Congress, being what it is, is likely to raise taxes or borrow from future taxpayers for many public expenditures.

With that in mind, an economist with the Cato Institute offered some management suggestions that could help the United States get better infrastructure at less cost.

“In order to get the biggest bang for our buck,” wrote Ryan Bourne, chair of Public Understanding for Economics at Cato, “infrastructure policy should encourage innovation, cost-effective provision, and investment where it is most economically beneficial. This means putting aside short-term concerns about creating jobs and ‘shovel-ready projects,’ and focusing on long-run growth.”

Bourne argues government should be involved only in projects where there are high social returns that the private sector won’t do. “Other countries show the possibility of having well-run and maintained privatized airports (the United Kingdom), air traffic control systems (Canada) and railways (Japan). Many areas of U.S. infrastructure are ripe for privatization, and the experience of the U.K. and elsewhere suggests this could lower prices for consumers without compromising quality.”

An idea of Bourne’s that won’t be popular in the West Virginia Legislature is to shift more of the burden for spending and taxation on projects to states.

Regardless of today’s discussion in the Statehouse, state leaders should prepare for less federal support. So West Virginians may have to be prepared to spend more of their own dollars on road improvements rather than expecting the Federal Highway Fund to always be there.

To help with that shift in funding, however, Bourne suggests the federal government should remove barriers to charging users of infrastructure, such as tolling restrictions on interstate highways and the cap on passenger facility charges at airports. “User charging provides incentives to reduce congestion and ensure development closely aligns with demand,” he wrote. “Having clear revenue streams associated with assets also makes private sector investment more likely.”

Environmental regulations that delay and raise the cost of projects should also be streamlined, Bourne wrote. An Obama administration report estimated that “the average time to complete a

[National Environmental Policy Act] study increased from 2.2 years in the 1970s ... to 6.6 years in 2011.” This increases costs and adds significant uncertainty to a project and deters private investment.

Bourne’s ideas, which also include repealing the Davis-Bacon Act requiring payment of prevailing wage on construction (costing taxpayers an additional \$13 billion), certainly won’t be popular with everyone.

But money at the federal and state level is tight, and governments across the land need to learn smart management practices to do more with less than before. Bourne’s ideas are worth considering.