

ERRORS OF ENCHANTMENT

Why is New Mexico not realizing its potential?

Infrastructure Need a Reality Check

Dowd Muska

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This month, the Southeastern New Mexico Economic Development District is hosting six “capital outlay application workshops.” Dave Venable, the organization’s president, told the *Alamogordo Daily News* that the events “will go over all the details on how to do the capital outlay applications and talk about making sure the infrastructure improvement plan is also completed for counties, cities, villages and municipalities.”

Interesting timing, given the drop in oil-and-gas revenue that is plaguing the state’s fiscal health. Severance taxes, which fund Santa Fe’s sleazy capital-outlay process, aren’t generating the kind of money they did just a few years ago. The 2017 legislative session is sure to be disappointing for local governments seeking pork — er, “critical community infrastructure.”

Meanwhile, *The Wall Street Journal* observes that infrastructure spending by local and state governments across the country is dropping, with bond issuances falling “to levels not seen in the past 20 years.” Low interest rates haven’t been able to compensate for sluggish revenue and taxpayer resistance. In addition, “Many struggling legislatures and city halls are instead focusing on underfunded employee pensions and rising Medicaid costs.”

So the picture isn’t pretty for fans of infrastructure spending. But that’s not necessarily a bad thing. Powerful interests publicize the nation’s infrastructure “crisis,” but taxpayers need to be skeptical. As the Cato Institute’s Randal O’Toole recently noted, the number of structurally deficient bridges in the U.S. has “steadily declined ... even as the number of highway bridges has grown,” and the “average roughness of [highway] pavement has steadily improved.”

As for the Land of Enchantment, the latest version of the Reason Foundation’s report on the condition of state highways found that New Mexico ranked “7th in the nation in highway performance and cost-effectiveness.” Its best performance was in “maintenance disbursements per mile (1st), capital-bridge disbursements per mile (6th) and rural arterial pavement condition (6th).”

When the infrastructure lobby isn’t peddling its crisis meme, it’s pushing public-project spending as a powerful tool to promote economic growth. But again, skepticism is warranted. Last year the Andrew M. Warner, an economist at the International Monetary Fund, told the *Journal*, “When

you flip the infrastructure switch, the light doesn't necessarily turn on. The returns are a long way from being automatic.”

In New Mexico and elsewhere, infrastructure is vital, and government's role is essential. But taxpayer spending on roads, bridges, sewers, and the like must make financial sense. To the extent possible, it must be purged of politics. And its value in job- and wealth-creation must be subjected to strict scrutiny.