



## Ideas Changing the World

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### Daily Policy Digest

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#### Privatization Issues

December 15, 2010

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#### Privatizing Roads

A major shortcoming of the deficit reduction plan concocted by the president's Fiscal Commission is that it assumed that the federal government should continue doing everything it currently does. For example, the plan proposed a 15 cent per gallon increase in the federal gasoline tax to fund infrastructure projects. But why not allow the private sector to play a greater role in financing and maintaining infrastructure like roads? asks Tad DeHaven, a budget analyst on federal and state budget issues for the Cato Institute.

Bruce Benson, an economist and senior fellow with the Independent Institute, explains that America has a strong history of privately-provided roads. Unfortunately, because government has come to dominate road construction, most citizens probably don't stop to consider that the private sector can provide superior alternatives.

As Benson points out, a chief problem with government roads is that they foster armies of lobbyists and special-interests who agitate for more and more taxpayer money.

- Policymakers try to steer transportation dollars to their districts and states, which inevitably results in money going to projects that make little economic sense.
- With a private road, it has to make economic sense or it won't get built.

Another problem is that the federal government places costly burdens on the state and local recipients of the funds, says DeHaven.

- ABC News recently had story on a new federal regulation -- contained in an 800 page book -- that requires local governments to change the fonts on their street signs to make them easier to read.
- The article says that the requirement will cost Milwaukee \$2 million alone, or twice the city's annual traffic control budget.

Source: Tad DeHaven, "Privatizing Roads," Cato-at-Liberty.org, December 14, 2010.

For text:

<http://www.cato-at-liberty.org/privatizing-roads/>

For more on Privatization Issues:

[http://www.ncpa.org/sub/dpd/index.php?Article\\_Category=37](http://www.ncpa.org/sub/dpd/index.php?Article_Category=37)