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16 Ways to Cut the Deficit

Experts on taxes, health care, entitlements, the military and other federal policies offer their ideas.

Think Local on Schools and Buses

Updated November 14, 2010, 01:45 PM

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With government debt spiraling out of control, Congress needs to slash spending. It can start by cutting federal aid to public schools, highways, urban transit and other state and local activities.

Consider the schools. They receive more than \$40 billion a year in federal aid. Despite the aid — and all the federal mandates that go with it — average school test scores have been essentially flat for decades. Federal intervention has failed to improve scores in part because the top-down rules that come with aid have squelched local innovation. Ending federal aid may seem radical, but in Canada education is a purely provincial and local concern, and yet Canadian children generally score higher than ours do on international tests.

Get rid of federally mandated school exams, and let cities decide on their transportation needs.

For similar reasons, Congress should end its more than \$60 billion in annual aid for state and local transportation. Federal aid distorts local choices by, for example, encouraging cities to pursue uneconomic light rail projects, even though buses are more efficient. Before federal transit aid began in the 1960s, most city transportation systems were private, and they can be made private once again. Highway privatization is also possible because electronic tolling systems allow firms to directly charge road users, as with the private Dulles Greenway in Virginia.

Politicians may like cutting spending as much as kids like eating spinach, but the budget crisis is an opportunity to let state governments and the private sector try new and diverse public policy solutions.

Topics: Barack Obama, Economy, Politics, budgets and budgeting