Rebuilding America, one bridge at a time

U.S. President Barack Obama delivers remarks in front of the Key Bridge along the Georgetown Waterfront Park July 1, 2014 in Washington, DC. (Chip Somodevilla/Getty Images)

By Felix G. Rohatyn and Peter C. Goldmark Jr. August 21

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This country needs to invest and grow again.

Right now we're disinvesting in a critical economic asset — public works infrastructure. With infrastructure there is no standing still. Either you invest and grow, or you don't and slip behind in jobs and competitiveness. Our public infrastructure is rusting, rotting and, in some cases, falling apart, and we now lag behind nations that are investing in modern, efficient, low-carbon infrastructure.

Political gridlock in Washington has meant that we have no growth plan, no national investment program and, therefore, no prospect of strong economic growth. The private sector is tottering sluggishly out of the recession while Wall Street and high-income people are doing very well. But as a nation we are not in robust recovery mode, and most of our citizens feel that — painfully.

We know from the excesses of the past what the drivers for growth going forward cannot be: headlong health-sector expansion, a balloon in home equity or unsustainable consumer credit.

So what is the logical big driver for the next round of growth?

The answer is investment in public infrastructure that provides life-support systems for our economy: water, transportation and energy. Some of these would be traditional, such as roads, bridges, rail, water supply and sewer systems. Some would be nontraditional, such as "smart" electric grids that are high on efficiency and flexibility and low on leakage; a major job-creating program to modernize built space to improve energy-efficiency; and an expanded, clean and safe distribution system for natural gas — the road, at last, to energy independence.

There are many reasons to pursue such a course of action. It would create good jobs and make the U.S. economy more efficient in the merciless world of global competition. Encouraging the conversion to natural gas-based vehicle fuels and electric vehicles would allow us to achieve energy independence. And if carefully designed, it could generate substantial long-term tax revenue for both the national government and for states and localities, which have seen their revenue base savaged by the recession.

What size program are we talking about? An investment program of about $400 billion per year over a decade or more, financed or guaranteed half by the states and half by the federal government, would generate about 5 million to 6 million jobs directly and a few million more indirectly through induced economic activity. Other investors, both public and private, would be drawn to play a role, too. Several major pension funds have indicated they are prepared to invest in infrastructure if it is modern and low-carbon. When fully implemented, the program we envision could reduce national unemployment by 2 or 3 percentage points, and while predicting the exact effect on gross domestic product is difficult, it would be a measurable improvement over our present anemic growth rate.

Despite a few recent constructive steps, such as the Water Resources Reform and Development Act passed by Congress and signed by the president, bills with sound financing proposals and serious scale, such as the bipartisan Bridge Act sponsored by Sens. Mark Warner (D-Va.) and Roy Blunt (R-Mo.), languish in the deep freeze of Washington gridlock. The only way to break this logjam is to shift a large part of the responsibility for infrastructure investment to the states.

States should be asked to decide whether they want to join a national infrastructure program of the kind we are proposing. Those whose legislature and governor decide not to could take advantage of a simple alternative, such as reallocating their share of whatever portion the national funding formula provides to the Highway Trust Fund for use in their state.

States have historically borne much of the responsibility for U.S. infrastructure investment. From the daring idea of building the Erie Canal to the construction of health, school, road and transit systems, states have shown that they have the management capacity, the financial tools and the market access to mount large infrastructure programs.

Placing primary responsibility for infrastructure renewal on the states could win support of more conservative legislators who generally oppose new investments or expenditures by the federal government, no matter how sound or traditional. And having a universally accepted, existing mechanism available for use of their share of the funds would allow states to opt out if they, for whatever reason, do not believe such a program is in their interest.

We think that most of the country is way ahead of Washington and is ready to start moving forward and investing. It's time for Washington to set up such a vehicle and then get out of the way and let each state decide whether to move forward with it.