

The Scouting Report – Invest in Infrastructure for Long-Term Prosperity
Live Web Chat with Brookings Fellow Robert Puentes and *Politico* Senior Editor Fred Barbash
January 7, 2009

12:30 Fred Barbash-Moderator:

Hello everyone and welcome to today's edition of the Scouting Report. I'm Fred Barbash, senior editor at Politico, and I will be your moderator this afternoon. Today we have Brookings Fellow Robert Puentes on hand. Robert is an expert on transportation and urban planning and he is ready to answer your questions. Welcome Robert.

12:30 Robert Puentes:

Thank you for having me!

12:31 Fred Barbash-Moderator:

What are some obstacles that impede investments in infrastructure reform?

12:32 Robert Puentes:

The broad issues related to American infrastructure investments are tightly wrapped in current conversations about economic stimulus, the general need for reinvestment, and a ticking legislative clock. However, there remains little clarity or rigor about who's responsible for which infrastructure components – that is, where the federal government should take the lead vs. where states, cities or counties should be responsible. There is also a lack of focus on what kind of infrastructure investments are best suited to the needs of today, and where those investments should be made. That's why it's time for a completely fresh look at the issue.

12:33 [Comment From Richard B.]

The web chat page talks about sustainable projects, but Obama and others are talking about "shovel-ready" projects to boost the economy. Are there sustainable projects out there ready to go, or do they need to be developed for the longer term?

12:36 Reader Poll –

Do you think President-elect Obama's stimulus plan should include transportation investments?

Yes (96%)

No (4%)

12:37 Robert Puentes:

There is no reason why the recovery package can't both work to stimulate the economy and put a sensible green screen on the projects to be funded. Restricting the money (at least on the transport side) to fixing the existing system and supporting the projects seeking federal transit support (through the New and Small starts program) would go a long way to meeting a sustainability objective.

12:37[Comment From John Gideon]

How can the federal transportation program be reformed so that "forgotten modes" -- bicycling and walking -- don't lose all of the hard-won gains of the past 17-18 years through ISTEA, TEA-21 and SAFETEA-LU? Or, put another way, what formulas or

standards or rules could be made a part of a reformed federal transportation program so that bicycling, walking and mass transit realize a major paradigm shift?

12:38 Robert Puentes:

Excellent point. We absolutely need to level the modal playing field to make sure that the federal government uses a policy outcomes lens (e.g. economy, environment, equity) rather than a modal lens (e.g., highway, transit, bike/pedestrian, air). We're one of the only industrialized country that does not integrate these modes on the federal level – we have separate administrations for highways, rail, aviation, transit. As a result, different rules, match ratios, and oversight govern the different modes. This is a crazy way to do business.

12:40 Robert Puentes:

But we also need to make sure we price the system right, and really measure costs and benefits – and take into account environmental and social impacts in addition to economic realities (that is, really measure costs like carbon emissions). Once you do that you profoundly start to change the calculus and bike/ped projects deliver very impressive benefit-cost ratios.

Look: I completely understand the bike/ped community for their reticence to such an approach. Getting from where we are to a true measurement and assessment of projects is a big leap and an unnatural act for many analysts. But as Sir Rod Eddington said in his groundbreaking investigation of the British system: "small is beautiful" and low cost projects can offer high returns.

12:41 [Comment From Sarah in St. Louis]

Does it make sense to create a National Infrastructure Bank, as Obama is discussing?

12:43 Robert Puentes:

Absolutely. We need a new 21st century compact that challenges our nation's leaders to develop deep and innovative visions to solve the most pressing infrastructure problems. This means moving to a division of labor where the federal government takes the primary role in funding and financing infrastructure projects of true national significance.

A permanent, independent national infrastructure and reinvestment bank is one way to do this so long as the financial assistance to qualified and innovative infrastructure projects that matter to the nation as a whole or to a group of multiple states. The idea is to make sure the federal government is focusing where there are clear demands for national uniformity or else to match the scale and geographic reach of certain problems.

12:44 Robert Puentes:

The merit-based projects the Bank could fund may include the unblocking of goods movement through our major ports and gateways, the development of a smart electrical grid, the modernization of our nation's antiquated air traffic control system, the upgrade of the rural telecommunications and broadband network, and the improvement and expansion of intercity passenger rail. Small-scale or hyperlocal projects, on the other hand, should receive other attention from an enhanced Community Development Block Grant program, for example.

12:45 [Comment From Kirk]

I live in Pittsburgh where a huge, expensive expressway project has been hanging over our heads for decades and may be resuscitated by the stimulus package if we can trust the recent endorsement by Sen. Bob Casey. I'm concerned we hold Obama's team accountable on this issue and make sure that the stimulus money works toward our energy and climate goals, not against them. Senator Casey says all the right things on his web site about making the stimulus package transformative but then he comes out publicly in support of this road project left over from the 1950s. How can we shine a national spotlight on these obsolete road projects and make sure that we build for the 21st century, not for the past? How do we change the political game and overturn the pork barrel?

12:47 Robert Puentes:

It is very complex! Even though some states have released their lists of projects, there doesn't appear to be anything legislatively that will tie those lists to the recovery package. The states will have total discretion in choosing what gets funded with this money. In fact, on NPR just this morning Congressman Obey reiterated this point when he said (I'm paraphrasing) that there are going to be no earmarks. We are going to leave it up to the people who know the most about what's needed.

Some states have released lists of potential projects publically. But – amazingly -- it's not very many states – just 15 or so to date – but from these emblematic lists we see that disproportionately low shares of the money are slated to go to public transit or intercity rail (17%). But even more shocking is that only one-third of the money is "slated" to go to the 100 largest metropolitan areas – even though its where two-thirds of our national population lives and where three-quarters of GDP is generated,

So shining a light on the types of projects that are candidates for funding will not be easy. There are some recent reports from USPIRG and others that are doing what they can with the information available. And Congressman Oberstar, the chair of the House T&I committee has talked cogently about transparency, daylighting, and accountability. We'll see!

12:47 [Comment From Wendy from Madison]

A lot of the early infrastructure projects in this country were aimed at rural areas - highway systems, rural electrification, rural phone systems. the country is becoming more urban now, but there are still plenty of folks in the rural areas. Where should new infrastructure projects be targeted, and why?

12:51 Reader Poll –

How would you rate the transportation infrastructure in your area?

Excellent (7%)

Good (57%)

Poor (36%)

12:52 Robert Puentes:

Building on the last answer, it is clear that our nation's metropolitan areas are the real heart of the American economy. Again, the top 100 metros make up 12 percent of our land mass and 65 percent of our population: but its where 74 percent of our most educated citizens live, 77 percent of our knowledge economy jobs are, and 84 percent of our most recent immigrants have migrated.

When it comes to infrastructure - transportation, specifically - metropolitan areas are also where 72 percent of the seaport tonnage arrives and departs; where 78 percent of our interstate miles are travelled; where 92 percent of air passengers and transit miles are ridden, and where 93 percent of rail passengers board.

We are a metro nation and its time we started acting like one.

12:53 [Comment From Fred Williams]

I wonder if, not without reason, the expression "metropolitan" is only popular in urban planning circles. Constitutionally, "metropolitan" is an orphan--as it should be.

12:57 Robert Puentes:

I agree to some extent. With only one regionally- or metropolitanly- elected government in the U.S. it may be hard for Americans to see themselves this way.

But there are many civic, corporate, political, and philanthropic leaders who do embrace such a paradigm and are thinking - and more importantly, acting - in a metropolitan way. From regional business chambers, to coalitions of mayors (both city and suburban), to regional housing, economic development, and other entities this is an idea that is taking hold.

Plus, it doesn't hurt that many consider the president-elect to be our first "metropolitan" president!

12:58 [Comment From Gene]

How do we use this opportunity to create meaningful training and employment for groups like disconnected youth who traditionally have not benefited from such investments?

12:59 Reader Poll –

Would you support a rise in the gas tax to pay for better transportation options?

Yes (94%)

No (6%)

1:00 Robert Puentes:

Good question, Gene. To ensure we have the human capital to rebuild our nation's infrastructure, a portion of funds for each project should be set-aside for job training programs, particularly those in partnership with community colleges or trade unions. Such programs can help stabilize low income communities and provide a pathway to good, decent jobs. We need to start asking - economic recovery for whom?

1:01 Fred Barbash-Moderator:

There seem to be so many different agendas for spending -- "green" projects, rural projects, projects that help the disadvantaged, promote retraining, or promote walking -- all worthy and all reflected in this conversation. But the justification for this immediate outlay of money is to prevent a deep, deep recession. Shouldn't that rationale -- the economic one -- really be the ONLY criteria if this is the way it's being sold to the taxpayers?

1:05 Robert Puentes:

There is no reason that we can't do both. The focus on shovel-ready makes sense because there is the need to do this quickly - for obvious reasons. But with just a

sensible screen that makes sure we are fixing the existing system, and making sure employers like transit agencies are not having to lay off workers we can get the short term stimulus we need and also adhere to the objectives of the incoming administration. These are not mutually exclusive.

It is critical that the recovery package should send a strong signal and set the stage for all the other legislative priorities that are coming up very soon: a climate bill, energy bill, and transportation bill. These should not be inconsistent with one another.

1:05 [Comment From Matt S.]

I see transportation investment using short-term (shovel-ready) or long-term strategies (that may more easily include significant changes in direction) as likely resulting in significant differences in investment outcomes. Since the new infrastructure program is most frequently described as a time-sensitive portion of the economic recovery package, should we really expect the upcoming investments to differ from those during the last 15 years?

1:08 Robert Puentes:

We must and it should. Today's severely fiscally-constrained environment actually demands a new approach to infrastructure policy. You're right: the status quo does little to upgrade our existing infrastructure, expand choices in moving people and goods, or make travel more accessible and affordable to families, nor does it help us move closer to energy independence. The stakes are too high for economic stimulus and fiscal responsibility ... to allow spending that does not result in real gains in productivity, inclusion, and environmental sustainability, the foundations for short- and long-term prosperity.

1:08 [Comment From Mike from Annapolis]

We should look at cheaper private alternatives to intercity rail. If I want to go from DC to NYC I take one of the many 'Chinatown' buses -- \$15 (and 80% full)

1:12 Robert Puentes:

Those are great buses! It is just one example of the dramatic changes in driving habits. We are currently witnessing the largest sustained drops in driving this nation has ever seen (the driving drops predated the gas prices spikes, by the way). But while driving continues to decline transit use is at its highest level since the 1950s and Amtrak just set an annual ridership record. It's hard to pinpoint exactly but it appears that Americans are not necessarily stopping their travel, but they are changing how they travel.

1:13 [Comment From Patricia]

Considering that freight rail today moves more than 40% of the country's freight - and DOT estimates that demand for freight transport is going to double in the next 30 years or so - do you think the stimulus infrastructure should include public-private partnership tax incentives designed to expand the rail system? Why is freight expansion not a priority if moving goods by rail results in less pollution, less congestion and less fuel consumption?

1:15 Robert Puentes:

We absolutely need to explore a range of public-private partnerships, for rail, for transit-oriented development, for innovations on the highway network like pricing schemes. And you're right that increased trade will place more and more demands on our railroads. I

think the stat is that rail freight traffic increased by 50% since 1990 and, as you said, could double in the next 25 years.

Yet, while demand for our railroads to move goods is increasing, the amount of track used by the major railroads has been decreasing along with equipment and the size of the workforce. As a result, we have only about half as much Class 1 freight rail track as we did in 1975.

So this is why we need the federal government to LEAD and develop a comprehensive national transportation vision focus on critical freight corridors between metropolitan areas. The freight transportation industry is highly decentralized with private operators owning almost all of the trucks, rails, and the public sector owning the roads. Given the complexities of the industry, considerable federal leadership is essential.

1:16 Robert Puentes:

Let me add one more comment: our global competitors are beginning to provide the kind of leadership many are now calling on the U.S. government to provide. China is well on its way to building the most sophisticated network of ports and freight hubs in the world. And Germany is strengthening the rail connections between major metropolitan areas and has recently developed the country's first master plan to strengthen its freight and logistics. The latter is a good model for us to examine in the U.S.

1:16 [Comment From John Gideon]

The National Surface Transportation Policy and Revenue Study Commission talked about "areas of national importance" or significance such as reducing congestion for greater metropolitan mobility, safety, connectivity of modes, improving the environment and fighting global warming, and energy efficiency. Is this what YOU mean by areas of "true national significance"?

1:18 Fred Barbash - Moderator:

And folks - we have time for just a few more questions. So keep sending them!

1:20 Robert Puentes:

Yes, the late 20th century model in transportation retained the standard federalism pyramid structure: with the federal government providing resources that rain down from the state, to metropolitan, and ultimately the local level. But while this structure may have been appropriate for 1956, the problem is that today it is without the meaningful national purpose that the Interstates provided. The result is that this devolution of responsibility produced results that are so far uneven and generally disappointing.

We must define, design, and embrace a new, unified vision for transportation policy. The focus should be on investing in infrastructure that supports the competitiveness and environmental sustainability of the nation rather than on funding individual states or spending on singular needs.

1:21 Robert Puentes:

So yes – the federal government should focus on questions like ... Where are our most critical bottlenecks on the interstate system? What kind of investments should be made in our national gateways? And which corridors need attention for a true passenger rail system?

Then they should get out of the way and empower states, metropolitan areas, and local governments to innovate. The urban partnerships program was an example of how a little bit of federal money could stimulate some good ideas.

1:22 [Comment From Casey H.]

Do you think Secretary-designate LaHood already approaches transit in the right way or will he need to be educated?

1:24 Robert Puentes:

The new secretary will be successful if he helps invest in coordination and information to harmonize the projects of the myriad federal agencies that construct, operate, maintain, and use infrastructure. The two new cabinet posts—the climate and urban czars—promise to improve White House operations. All this needs to be part of the sequencing of the important pieces of related federal legislation expected to come down the pike in 2009: climate, energy, and surface transportation.

1:24 Fred Barbash - Moderator:

I think that's a great place to close for today. Thanks to our audience for all the great questions. And thank you, Robert, for your thoughtful answers.

1:25 Robert Puentes:

These were great questions. I appreciate the opportunity to participate!

1:25 Fred Barbash - Moderator:

Please remember to visit us again next week at the same time and place. We'll have Brookings Vice President and Director Carlos Pascual on hand talking about restoring credible American leadership. Thanks everyone!