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5 on 45: Trump's Infrastructure plan is a missed opportunity

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PITA: You're listening to 5 on 45 from the Brookings Podcast Network, analysis and commentary from Brookings experts on today's news regarding the Trump administration.

TOMER: Hi, I'm Adie Tomer and I'm a fellow in the Metropolitan Policy Program. Rebuilding America was always central to Donald Trump's ambitions. His affirmative message and decades of real estate experience led many to believe a major infrastructure push was coming to Washington. But from the very first months of his administration it became clear the ideas weren't ready to match the grandiose rhetoric. With multiple missed deadlines, the wait for the infrastructure plan's reveal stretched for months, but now the wait is finally over and it doesn't feel like it's worth it.

Rather than establishing a vision for the country, the proposal is mostly a vehicle to indiscriminately boost spending. Even worse, cities and states are asked to pick up most of the tab while the administration is conveniently set up to claim credit for new projects. There are certainly commendable elements within the 53 page proposal, but the core programs include too much cynicism and too little leadership. It's a missed opportunity.

The cynicism starts with how the administration proposes spending their own money. On the one hand, the new infrastructure incentives program would use a 100 billion dollar pot to reward states and localities based overwhelmingly on their ability to deliver new revenue including higher taxes and attracting private capital. But combined with a small federal match, it may exclusively benefit high growth places like the Bay Area, Seattle, and Austin, Texas. At the same time, the proposal calls for a new 50 billion dollar rural block grant which essentially gives governors carte blanche to invest in their rural counties and requires no local match. Since Trump's earlier proposals got hammered for not helping rural areas, this feels like an outsized political response to placate the Senate

Combined, the administration's new infrastructure programs could leave many metropolitan areas and entire states without federal infrastructure support. It reads tone deaf to the many fiscal capacity issues places face from struggling water utilities to

general funds that still haven't recovered from the Great Recession. And to top it off, the new tax law made raising revenue more expensive. Considering that state and local governments already do the bulk of public investing in infrastructure, this proposal must feel like the potential loss of a once trusted partner.

Of course, the cynicism is compounded by a budget request that would cut even more than 200 billion from the current infrastructure programs. These cuts will only intensify the opposition to the administration's ideas grouping together cities, counties, states, transit agencies, and water utilities who will all struggle to see how this proposal will help them. Unfortunately the proposal's cynicism is matched by a lack of leadership. Simply put, where is the point of view? Compared to the grand programs of our past, the New Deal's pursuit of electrical and telephone expansions, the national interstate highway system, water investments in the 1970s, there is no statement about what kind of economy we should build. Infrastructure isn't just an enormous collection of concrete and pipes or some generic problem to be solved by higher macro spending. And even if it was, with extremely low unemployment and rising interest rates now was not the ideal time to initiate a spending binge. The thing is, we know what our tangible infrastructure needs are. Local roads could use help, transit agencies demand modernization, water pipes are breaking down, and water bills are going up. Broadband is still far from ubiquitous, and where was any reflection of the digital age we've entered and the opportunities to use that technology to modernize at the same time we rebuild.

We need the federal government to make a statement about where we should go using its vast resources and unparalleled personnel to sharpen policy design and invest alongside state and local peers. Instead, we received a proposal that had little to say about how to make our country more competitive or more inclusive. The ball is now in Congress's court and there are significant roadblocks to moving either the administration's new funding programs or other big reforms of any kind. Bills are not yet introduced, there's still no consensus around funding or deficit financing, and Senate rules mean Democrats could torpedo any legislation if they want. Those November elections will come on the horizon quicker than we may imagine.

Instead, if we're going to get any new laws before the midterm elections expect

boutique reforms around permitting, federal credit programs, and project financing. These may not be as grandiose, but they can attract bipartisan support and they won't leave any places out in the cold. In the meantime, expect cities and states to keep leading the way as Washington decides where they go next.

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