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Growing Calls for Infrastructure Spending in Future Stimulus Packages

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The Democratic leadership's next economic stimulus bill is likely to propose billions of dollars for highway and other infrastructure projects, but economists are skeptical about the power of such spending.

James L. Oberstar,

the chairman of the House Transportation and Infrastructure Committee, wanted to add \$15 billion in projects to the stimulus bill that Congress is expected to pass soon. His proposal was put aside to keep the bill streamlined, but top Democrats say they eventually want to pass an aid package for the nation's infrastructure.

Other lawmakers in both chambers, Democrat and Republican, have wish lists similar to Oberstar's.

Industry insiders and many lawmakers argue that it would be the most effective way to jump-start an ailing economy. Economists are not convinced, however, that pumping money into infrastructure actually can be an impetus for quick economic growth.

The perceptions on Capitol Hill will be tough to change. According to the Department of Transportation, every \$1 billion invested in highways and other infrastructure creates 47,500 jobs. Democrat Peter A. DeFazio of Oregon, chairman of the Highways and Transit Subcommittee, said such spending can be better justified than giving Americans tax rebates "so they can buy a TV made in China."

But Robert Puentes, a Brookings Institution fellow specializing in metropolitan policy, said that while transportation projects inevitably create new jobs, they rarely have any significant immediate A-effect.

"Given the political logjams in Washington, it's difficult to envision this having a short-term impact," he said.

said his proposal would focus on projects that are ready to go, including wastewater treatment plants, rail project investments and improvements to roads and bridges. "Let's not talk about the project that hasn't made it to the drawing board yet," said Jim Berard, the spokesman for the committee.

But Bob Poole, director of transportation studies at the libertarian-leaning Reason Foundation, expressed doubt about any list that Oberstar might offer.

"Very few good projects are sitting there waiting for funds," Poole said. "It's the wrong answer to the question."

A Political Favorite

Even if the economists are right, most politicians like the tangibility of highway and infrastructure projects. Roy Keinitz, deputy chief of staff for Democratic Gov. Edward G. Rendell of Pennsylvania, said his state built new roads to lure an international wind turbine company.

"It created 1,500 new jobs for America," Keinitz said. "That spending and those jobs are not outsourced. Infrastructure is something that occurs here. It's not quick out the door, but the medium stimulus is much more powerful."

"It actually builds long-term productivity and wealth," he said. "Buying flat-panel TVs doesn't."

Industry organizations are gearing up to lobby Congress on the issue.

"The way to get money into the hands of working people is to make sure there are more good jobs with good wages," said Edward Wytkind, president of the Transportation Trades Department for the AFL-CIO. "By investing in the country's aging infrastructure, we would not only put thousands of people to work but also address a critical need."

Barry LePatner, a New York lawyer specializing in construction cases, said that if Congress is serious about investing in the nation's infrastructure problems it would take a lot more than \$15 billion.

"It's the equivalent of you getting a cup of coffee paid for," he said. "It's just not realistic."

Bipartisan Will

Democrats have listed infrastructure investments as a legislative priority for the coming year, and they have bipartisan support.

In early September 2007, Democrat Ron Wyden of Oregon and Republican John Thune of South Dakota introduced a bill in the Senate (S 2021) that would provide \$50 billion in new

transportation infrastructure funding through bonding to help states and local governments complete significant infrastructure projects.

And Rep. John L. Mica of Florida, the Transportation and Infrastructure panel's ranking Republican, is also likely to support such spending in future stimulus bills, said Justin Harclerode, spokesman for the committee's minority staff.

So, while Oberstar was unable to insert his \$15 billion proposal into the year's first stimulus bill, lawmakers from both chambers and both sides of the aisle are in agreement that transportation spending should be part of any future package.

"We're not going to do it in this first round," said Democrat Barbara Boxer of California, chairwoman of the Senate Environment and Public Works Committee. "We want this to be targeted and quick, but eventually we'll have to do an infrastructure stimulus."

Beyond any immediate boost in highway and infrastructure spending, House Speaker Nancy Pelosi, D-Calif., has promised to make a long-term effort to overhaul the nation's infrastructure.

"That means reinvesting in our crumbling highways and bridges and renewing our commitment to mass transit, solutions which will create jobs for the middle class," Pelosi said in her "prebuttal" to President Bush's State of the Union address, which he will deliver Monday night.

Source: **CQ Today**

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