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Repairing Roads Can End All Kinds of Gridlock

By ROBERT H. FRANK

DEMOCRATS and Republicans share less common ground than at any point in living memory, and they are especially divided about our still-ailing economy. When Democrats propose additional economic stimulus, Republicans call for more cuts in government spending and regulation. And even though the effects of the Great Recession are still with us, political gridlock seems set to continue.

Yet recent public statements by both President Obama and his probable Republican challenger, Mitt Romney, suggest a way forward. The president has long advocated infrastructure investment as a way to put Americans back to work. For his part, Mr. Romney recently warned that government spending cuts would "slow down the economy," so he, too, has acknowledged the clear link between spending and employment.

Both men should thus be willing to take the one politically feasible step that could help mend the economy quickly: an accelerated program of infrastructure repairs. People in both parties already agree that these improvements are needed — even apart from their impact on employment.

In its 2009 assessment of the nation's roads, bridges and other infrastructure, the American Society of Civil Engineers identified more than $2 trillion in long-overdue repairs. Of course, when maintenance is postponed, its cost rises rapidly. If Interstate highway repairs are delayed even briefly, damage from heavy trucks and winter weather can cause costs to rise several fold. According to the American Association of State Highway and Transportation Officials, substandard roads also cause $335 in annual damage per vehicle on the road. Still more troubling, those roads cause many easily preventable deaths and injuries. What could possibly justify further delay?

Some people object to the additional government debt that infrastructure repairs would require. As austerity proponents like to say, governments can't spend beyond their means indefinitely, any more than businesses or families can. It's a fair statement if we're talking about the long run. But in the short run, it's utterly false. When prudent investment opportunities arise, families, businesses, and governments can and should spend more than they take in.

Consider an indebted family that must decide whether to borrow $5,000 to install additional insulation in its attic, a project that would reduce its utility bills by an average of $100 a month and require loan payments of $50 a month. In the short run, obviously, the project would increase the family's indebtedness. But can there be any doubt that the family would be better off, in both the short and the long run, by going ahead with it? Even while making payments on the loan, it would have $50 more each month. And once the loan was paid off, it would have $100 a month more. What possible argument could be offered against this project?

The same logic applies to overdue infrastructure investments. Yes, paying for them requires more government debt. And while austerity advocates fret that such projects will impoverish our grandchildren, they concede that the investments can't be postponed indefinitely, and that they'll become much more expensive the longer we wait.

Our lingering economic doldrums reinforce the case. Many skilled people who can do these jobs are unemployed today.

If we wait, we'll have to bid them away from other useful work. And with much of the world still in a downturn, the required materials are cheap. If we wait, they'll become more costly. Annual interest rates on 10-year Treasury notes have fallen below 1.5 percent. Those rates will also be higher if we wait. So it's actually our *failure* to undertake these projects that's saddling our grandchildren with gratuitously larger debt.

By itself, the savings from accelerating infrastructure repairs won't be enough to balance government budgets. But debt is a long-run problem, and as the budget surpluses of the late 1990s remind us, the American economy at full employment can generate more than enough revenue to pay the government's bills.

Allowing our economic sluggishness to continue will burden our future in several other ways. Recent graduates, for example, have had to begin their careers in the toughest labor market since the Great Depression. Their slow start will mean lower incomes for a lifetime. Because businesses are not investing at normal levels — why build new factories if you can already produce more than consumers want to buy? — the nation's future capital stock will be smaller. And that means slower growth in productivity and wages. Widespread unemployment and lagging wages have also meant higher poverty rates and more children with inadequate nutrition. In each case, the effect is to reduce future tax receipts, pushing government budgets further into the red.

The most important single step toward a brighter future is to repair our economy as soon as possible. And one of the surest ways to do so is a large and immediate infrastructure refurbishment program.

This path would not require Republicans to concede the merits of traditional Keynesian stimulus policy. Nor would it require them to abandon their concerns about the national debt. In short, the philosophical foundation for an agreement is already firmly in place.

If it doesn't happen, the coming political campaign will provide a golden opportunity to learn why. At the inevitable town hall meetings, voters who are tired of gridlock should ask candidates when they think that long-overdue infrastructure repairs should begin. The only defensible answer is "Right now!" Candidates who counsel further delay should be pressed to explain why.

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