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Time to Invest in Infrastructure

A Newspaper Column by Evan Barrett

December 26, 2016

A great nation's strength, like that of a great building, is built upon a solid foundation. The larger the nation or building, the more substantial the required foundation. Besides the human, spiritual, philosophical and intellectual foundation there must be a strong infrastructural foundation. A great nation must have good roads, streets and highways, safe and pure water delivery systems as well as waste water treatment that prevents pollution of water supplies. It needs a modern air transportation system including airports; good passenger and freight rail service, as well as good ports and shipping infrastructure. A solid electrical power grid and modern pipelines are essential. These and many more infrastructural items support a modern nation. Without them we are weak.

America has underinvested in our infrastructure for decades and we are the weaker for it. Everyone talks about investing in our infrastructure yet the job never gets done. There are many excuses advanced, but the bottom line is that our infrastructure is deficient. We need to stop talking and start doing.

"Doing" requires money. At the federal level that is about taxes and appropriations. Over the last 36 years the "drown the beast in the bathtub" attitude towards government has resulted in a paradigm where much of America believes the government doesn't need money and are going to make sure it doesn't get funding. For example, we are suffering for lack of money in the federal highway trust fund which pays for up to 90% of major highway projects, yet the last time the federal and state gas tax was increased was in 1993 and 1994 respectively. Now, when overall gas prices have come down dramatically (remember when it was nearly \$4 a gallon at the pump), it is a "no-brainer" to add some gas taxes so we can afford to have highways. Nothing could be more important for the fourth largest state in the nation.

At the state and local level deficit spending is not allowed so the financing for essential infrastructure is sometimes about taxes and appropriations, sometimes about creative financing, but more often about wisely using and managing debt to pay for infrastructure-- paying off long-term infrastructure over time with debt service payments with general appropriations and/or user fees like your water bill or your sewer bills.

Nothing makes better economic sense than public investment in infrastructure. The benefits of a strong infrastructure are long-term and provide a competitive advantage to those states and communities who make serious investments in new infrastructure and commit themselves to maintaining and improving older infrastructure.

By the way, creating debt for infrastructure is very manageable right now with interest rates at near record lows. Not borrowing money for long-term improvements using long-term, fixed rate, super low interest rates is foolhardy – bad economics and bad business.

Let me assure you that the longer we wait – and based upon the condition of our infrastructure we've waited too long already – the more likely we will see interest rates rise and eventually reduce the "bang for the buck" benefit we can get from investing now.

Republicans in the Legislature over the last five years have stopped prudent investment in infrastructure as they whined about the cost of debt when it has been the most advantageous in 70 years. At the same time they have been trying to cut taxes on large businesses and the wealthy to

chase the fools-gold of “trickle down” economics that has long ago been proven not to trickle down at all.

We are already hearing from 2017 GOP legislators that we shouldn’t use debt, as incredibly stupid as that is; that we should reduce the amount of infrastructural improvements that we undertake, as foolhardy as that is; that we should use cash to pay for that limited infrastructure; that we should at the same time cut taxes on the wealthy and businesses; and that the resulting net negative should be wholly borne by children and the less affluent in Montana with fewer services. Not fair. Not Smart.

It is time to use our heads economically and fiscally regarding infrastructure spending. The Governor has once again advanced a reasonable infrastructure plan. Let’s stop the nay-saying and posturing and finally get the job done.

Evan Barrett of Butte, will soon be retiring after 47 years at the top level of Montana economic development, government, politics and education. He currently writes columns and commentaries, is an award-winning producer of Montana history films at Montana Tech/Highlands College and occasionally teaches. These are his personal views.

(700 words in the body)