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Overview

President Trump wants to spend $1.5 trillion rebuilding America's infrastructure – roads, bridges, airports, railroads, ports, water systems and whatnot – over the next decade. In his latest record-breaking $4.4 trillion federal budget for FY2019, Mr. Trump included an initial $200 billion for infrastructure spending, which he hopes to leverage to $1.5 trillion by getting state and local governments to put up the remaining $1.3 trillion. Good luck with that!

Nevertheless, Trump's new infrastructure spending plan is expected to garner support on both sides of the aisle in Congress. Some Republicans seem ready to go along, and most Democrats have never met a big government spending program they didn't like. Of course, the mainstream media says, bring it on!

Yet what I will argue today is that America doesn't need a huge new infrastructure spending plan. Between the federal, state and local governments, we already spend over $400 billion a year on infrastructure, which today is in the best shape in years. That's not to say we don't have some problems. There are always some infrastructure problems that need addressing. But the problem is nowhere near as dire as President Trump and the media would have us believe. I'll give you the facts as we go along.

America’s Crumbling Infrastructure Claims are Way Overblown

Expect to hear the term "crumbling infrastructure" a lot in the days ahead, as Washington debates the merits of President Trump's plan to boost spending on the nation's roads, bridges, airports, railroads, etc. by $1.5 trillion over the next decade.

What's unlikely to come up in these discussions, however, is the question of whether the nation's infrastructure is really "crumbling" at all.

For the past four decades, there's been a steady stream of dire warnings about how our aging infrastructure was rapidly falling apart, and that without a massive influx of government spending, roads would be impassable, bridges would collapse, airports would be unusable, etc., etc.

Yet for the most part, these dire warnings have failed to materialize. The question is, why? Here's the answer: federal, state and local spending on infrastructure has averaged 2.5% of national GDP annually for the last 40 years. With Gross Domestic Product running from $16 trillion to above $19 trillion in recent years, this means that federal, state and local spending on infrastructure has averaged near or over $400 billion a year recently. That's a LOT of money!

Such a huge amount of annual spending has gone a long way toward maintaining, and even improving, much of our infrastructure – not to mention building new infrastructure to keep up with population growth. Despite all those urgent warnings about how we were vastly underspending on roads and bridges and the like, the country's infrastructure never actually crumbled.

In fact, according to the Government Accountability Office, the share of structurally deficient bridges dropped from 13% to 10% between 2006 and 2015. Highways continue to be drivable, and states are increasingly experimenting with innovative public/private initiatives to finance new highway construction and capacity. Waterways and ports are still in working order. And anyone who's traveled by air recently has likely noticed that many major airports have been upgraded, revamped and modernized.
It is true that at any given time, some portion of roads, bridges, ports, water systems and so on are in need of repair. But the claim that this amounts to a crisis requiring a massive new investment of $1.5 trillion is misleading. As noted above, we are already spending over $400 billion a year on infrastructure.

**Presidents Perpetuate the “Crumbling Infrastructure” Myth**

President Trump’s (and presidents before him) insistence that our infrastructure is crumbling is among the most enduring clichés of American politics. A search of LexisNexis shows that America’s infrastructure has been crumbling since the late 1970s. Yet as pointed out above, crumbling is not the appropriate description of our nation’s infrastructure.

Still, President Obama said the same thing. In his second term in the White House, Mr. Obama repeatedly claimed that our infrastructure was crumbling. Yet in 2012, 80% of our highways were in acceptable shape or better, and over 90% of rural roads met that grade. Despite these improvements, all recent US presidents have warned that our infrastructure is in bad shape.

The bridge failures in Washington State in 2013 and Minnesota in 2007 were greeted as symbolic proof of systemic disrepair in our nation’s infrastructure. But the Washington state bridge collapsed because a truck driver carrying an oversized load ignored posted warnings. Experts said it would have collapsed even if it had been brand-new. And the Minnesota collapse was the result of a construction defect.

Of course, some American infrastructure needs repair and/or updating. This is always the case. The problem, however, isn’t under-investment. In 2014, according to the Congressional Budget Office, federal, state and local governments spent $416 billion on infrastructure. That number goes up every year as the economy grows.

At the end of 2016, municipal bond issues to finance infrastructure were the highest in history, more than double the 1996 level. This suggests that some infrastructure spending is probably too high and in some cases wasteful.

**Politics Often Dictate Where Infrastructure Money is Spent**

The real problem is that we often don’t spend money on the right projects. Politicians and lobbying groups fight very hard for infrastructure money in their districts, regardless of whether that’s the best place for the money to be spent. And far too often they insist on union contractors that tend to drag projects out as long as they can.

President Trump seems to get this. Rather than simply shoveling more federal funds into wasteful infrastructure projects — as was the case with President Obama’s huge failed stimulus — Trump wants to streamline the approval processes that endlessly bog down construction.

“*We used to build [roads] in three months and now it takes years and years of approvals. We’re going to bring that down, ideally, to one year.*,” he told Republicans at a retreat earlier this month.

And to encourage more local control, Trump proposes to shift more authority and responsibility back to the state and local governments, and some even to public/private partnerships. He hopes to leverage the $200 billion in new federal spending over a decade up to $1.5 trillion with contributions from state and local governments. I doubt this will happen since state and local budgets are already strapped, and they can’t print money like the federal government.

Another problem is that prudent infrastructure reforms tend to go out the window when the situation is described as a “crisis” in need of an immediate cash infusion. If we want to keep our infrastructure working well — without wasting taxpayer money — our leaders need to stop warning that our infrastructure is “crumbling.” It’s not.

Not everyone agrees, of course. The American Society of Civil Engineers (ASCE) has been warning of the safety and economic implications of our “deteriorating” infrastructure for the past 20 years. The ASCE’s annual “Infrastructure Report Card” has yet to give an overall grade higher than a “D+.” This group believes that federal spending on infrastructure should increase from 2.5% of GDP annually to 3.5% by 2025.

Despite that, the ASCE believes the Trump Administration’s plan is a “solid first step” in having a real conversation about solutions for the nation’s aging infrastructure and a path to address our infrastructure investment deficit. The group recently stated:

*“Now it’s time for Congress to develop a bill that can pass with bipartisan support. If we are going to work on infrastructure, we should do this right and seize the opportunity to modernize our infrastructure and put us on a path for increased economic prosperity. This [infrastructure] bill should increase federal investment including a long-term, sustainable fix to
the Highway Trust Fund…"

In closing, while the nation’s infrastructure is in constant need of repair, it is not crumbling as politicians and those on the left would have us believe. As discussed above, most of the infrastructure trends are improving.

Through the combination of federal, state and local participation, we are now spending over $400 billion a year on infrastructure, and that will increase if President Trump’s new plan (or some version of it) makes it through Congress, as looks increasingly likely.

Just keep this in mind when you hear politicians and the media claim that our infrastructure is crumbling. And know that we don’t need $1.5 trillion to get our infrastructure where it needs to be. America’s infrastructure today is in the best shape in years.

All the best,
Gary D. Halbert