

# Norm Mineta: Better Infrastructure is Essential to American Economic Prosperity

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When you read the headlines these days, it would seem that both political parties have one common objective – to ensure that neither party gets credit for anything.

While that may be good party politics, it inhibits the cooperation needed to address America's challenges. I have been a Mayor, Congressman, Cabinet Secretary and an executive in the private sector – I know first-hand about the importance of collaboration in achieving important objectives.

**One important objective that requires immediate action is the improvement of America's transportation infrastructure.** And while this would be a priority in any economy, the fact that the U.S. is in dire need of job creation and real growth only further highlights the immense need for investment in infrastructure.

**I'm always surprised by the attention span the American public has toward transportation.** We seem to take for granted the maintenance and expansion of our transportation arteries. Sure, we can walk, but inevitably everyone has to use transportation – whether by car, train, bus, boat or airplane – at some point during the day. The same holds true for our everyday needs and interests. The food we eat, the clothes we wear, the TV's we watch, the iPad's we play and learn with – they all get to the shelves in the store by some mode of transportation. So I wonder why more people don't push our government leaders to fix America's ailing transportation network due to the vital role it plays in our lives and its intricate connection to economic activity.

We've fallen out of the top 20 among developed countries boasting the best infrastructure system and that has dire effects on growth at home as well as the attractiveness of our nation to other companies looking to expand operations.

**Unfortunately, our transportation network is in gridlock these days.** With passengers and freight squeezing every ounce out of port, aviation, rail, transit, pipeline and highway infrastructure, the future of our nation's economic growth relies more than ever on the efficiency, capacity and safety of the U.S. transportation system.

## How did the U.S. get into this situation?

Historically the response of the Department of Transportation has been to step forward with an open checkbook. But the days of big spending are over, and projected Highway Trust Fund revenues won't be enough to meet our funding needs. Every one of the programs within the Department falls within the category of federal "discretionary funding," so we're looking forward to the likelihood of flat budgets in good years and declining budgets in bad ones.

The bottom line is that we won't simply be able to buy our way out of our problems. That is why policymakers and lawmakers need to work creatively, innovatively and cooperatively to develop new approaches for meeting transportation challenges.

**The private sector obviously has a big role to play in all of this.** Public-private partnerships are an essential part of modern transportation financing. They reduce project costs, accelerate project delivery, and allow states and municipalities to greatly leverage available public resources. In addition to these benefits, public-private partnerships also inject much needed equity into the process – equity that in today's budget climate is necessary to meet the infrastructure challenge at hand.

A growing number of states like Indiana, Florida, and Texas have paid for ambitious infrastructure programs without raising gas taxes or grabbing new federal earmarks. Instead, these forward-looking states reached out to the private sector, where they found eager partners.

Here in our backyard, the Capital Beltway – by far one of the most congested highways in the country – will see traffic flowing again thanks to a deal with a private company that will add new toll lanes.

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program administered by the U.S. Department of Transportation has also proven useful to ensure key infrastructure priorities are met. This program provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects – highway, transit, railroad, intermodal freight, and port access – can qualify for assistance. There seems to be bi-partisan momentum behind increasing the amount of loans given out by the federal government and I think such a move would be a positive step forward in continuing to attract private investment.

TIFIA is a success story – but it's not the silver bullet. It is extremely difficult to plan any projects without a dedicated six-year transportation bill for aviation and surface transportation programs. Extensions of existing and outdated legislation are a cop-out. Americans can't afford to see Washington play "kick the can" with transportation funding for another year, another month, or frankly, even another day.

At the same time, the federal government should adopt accounting methods that treat expenditures on transportation infrastructure as investments rather than consumption, and take into account the future returns on those investments. It's Economics 101.

After all, a restaurant chain wouldn't think of operating without a capital budget. And no business operates without considering the returns it can expect from different capital investments over time. A careful evaluation of expected risks and returns is essential when businesses need to choose and prioritize among competing investment opportunities.

Looking at the current forecast models for gridlock, the consequences of inaction are significant both at home and when examining our global competitiveness. Infrastructure congestion at freight gateways will become greater and be with us for decades adversely impacting both the import and export markets. Market growth is currently far outpacing infrastructure development and will continue to do so. And transport and supply chain costs will continue to flow down to consumers.

## Ultimately, we all pay the price for congestion.

We are at a crucial point in transportation funding. While the banter in Washington continues to be coarse in tone, I remain hopeful that America's leadership will put aside political differences for the best interests of our nation. We can't afford not to.

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