




Obama May Spend on Highways, Bridges to Stimulate U.S. Economy

By Angela Greiling Keane



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Nov. 5 (Bloomberg) -- President-elect Barack Obama may put spending on roads and bridges at the top of his agenda for stimulating U.S. economic growth.

“He’s identified infrastructure as one of the ways to strengthen the American economy,” **Janet Kavinsky**, transportation infrastructure director for the U.S. Chamber of Commerce, said in an interview. “So we would expect it to be on his list of actions both for the stimulus and longer term.”

Obama was elected yesterday amid a global credit crisis and with the U.S. in or heading into a recession that may be the deepest in more than 20 years. He promised during his campaign he would use infrastructure spending to create jobs.

“We’ll create 2 million jobs by rebuilding our crumbling roads, schools and bridges,” Obama said in an Oct. 13 speech in Toledo, Ohio, where he outlined his plan for reviving the economy.

Obama, 47, has urged Congress to pass an economic stimulus bill immediately after the election. House Speaker **Nancy Pelosi**, a California Democrat, has said she wants spending on highways and other transportation infrastructure included in the next stimulus package.

“Transportation’s always something that everyone takes for granted, and then it gets a lot of attention as a result of a tragedy like 9/11 or I-35W in Minnesota,” former Transportation Secretary **Norman Mineta** said in an interview. An Interstate 35W highway bridge collapsed in downtown Minneapolis last year, bringing attention to decaying infrastructure.

Infrastructure Bank

Mineta, a Democrat, headed the Transportation Department at the beginning of the **George W. Bush** administration and said he discussed infrastructure needs with Obama during the campaign.

Bush increased highway and transit spending to a record \$286.5 billion over six years in the highway bill he signed into law in 2005. That compared with \$218 billion for the previous highway bill and was less than the \$375 billion House leaders wanted to spend on the measure.

Obama, a U.S. senator from Illinois, in February proposed a so-called infrastructure bank to invest \$60 billion in roads, bridges and other projects over 10 years.

The American Society of Civil Engineers says it would take \$1.6 trillion over five years to bring U.S. infrastructure to “good” condition, excluding expansion costs.

“If you believe the country has a problem, or a crisis as I’d call it, in transportation infrastructure, you’ve got to continue to spend,” **James Young**, chief executive officer of Union Pacific Corp., the biggest U.S. railroad company, said in an Oct. 23 interview.

Young said the Omaha, Nebraska-based carrier will consider cutting capital spending next year depending on the economy, though it doesn’t want to cut too much given nationwide transportation

infrastructure needs.

Roosevelt Model?

The economic slump may give Obama and lawmakers a reason to pursue infrastructure spending in the model of President **Franklin Delano Roosevelt** following the Great Depression, said Leslie Blakey, executive director of the Coalition for America's Gateways and Trade Corridors, which advocates for money for freight projects.

“We have serious infrastructure problems right now that we need to address immediately,” **Pete Ruane**, chief executive officer of the American Road and Transportation Builders Association, said in an October speech at an American Trucking Association's conference in New Orleans. The Washington-based builders association includes Caterpillar Inc. and other transportation construction companies.

The state of the economy “is incentive to do something, not incentive to sit here and do nothing,” Ruane said. “We're not discouraged by that. We can generate the jobs.”

Aside from any special infrastructure program, Obama and the new Congress next year will set spending levels for roads and transit when the highway bill comes up for reauthorization.

Rail Push

The bill sets funding for the highway trust fund, the target of an \$8 billion federal bailout in September before it ran out of money. A national commission looking into how to pay for the trust fund is to issue its report in January.

Obama may shy away from public-private partnerships that infuse private capital into transportation infrastructure, said **Bob Campbell**, a Deloitte LLP vice chairman based in Austin, Texas.

“Inevitably, an Obama administration would have to come back around to that model,” Campbell said in an interview. “But I don't think it would be out front as far as part of the pronounced strategy.”

The Obama administration also will be pushed by passenger rail advocates and freight railroads to fund expansion. Union Pacific and other carriers will renew their push for a federal tax credit they say would allow them to add freight rail infrastructure, rail executives have said.

Vice President-Elect **Joseph Biden** is a commuter on Amtrak, the U.S. passenger railroad, and has pushed for more money for the Washington-based rail service during his Senate career.

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