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Rail Takes Back Seat as States Target Obama Stimulus for Roads

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By Heidi Przybyla



Dec. 24 (Bloomberg) -- Missouri's plan to spend \$750 million in federal money on highways and nothing on mass transit in St. Louis doesn't square with President-elect **Barack Obama's** vision for a revolutionary re-engineering of the nation's infrastructure.

Utah would pour 87 percent of the funds it may receive in a new economic stimulus bill into new road capacity. Arizona would spend \$869 million of its \$1.2 billion wish list on highways.

While many states are keeping their project lists secret, plans that have surfaced show why environmentalists and some development experts say much of the stimulus spending may

promote urban sprawl while scrimping on more green-friendly rail and mass transit.

"It's a lot of more of the same," said **Robert Puentes**, a metropolitan growth and development expert at the **Brookings Institution** in Washington who is tracking the legislation. "You build a lot of new highways, continue to decentralize" urban and suburban communities and "pull resources away from transit."

In proposing a stimulus plan that could total as much as \$1 trillion, Obama has promised a new federal infrastructure program that would dwarf President **Dwight Eisenhower's interstate highway system** that began in 1956. Obama told reporters at a Dec. 7 news conference that his effort would go beyond "roads and bridges" and fund more innovative projects.

Fiscal Shortfalls

His plans are colliding with deep fiscal shortfalls among states with a backlog of road-building needs and pressure from lawmakers to use his economic recovery package mainly for "ready to go" projects that will immediately bolster the economy.

Highway construction advocates say numerous projects are needed because of years of neglect of the nation's infrastructure. Along with new roads, these include resurfacing existing ones and guardrail installation. As evidence of the economic impact of such work, they cite President **Ronald Reagan's** \$12 billion investment in federal highways during the 1982 recession that created 700,000 jobs by 1985.

Caterpillar Inc. executives have said the U.S. needs as much as \$700 billion in road, port and airport investments to remain competitive with countries like China. The largest maker of construction equipment stands to see a boost from the spending plan, along with rival **Deere & Co.**, crane makers **Terex Corp.** and **Manitowoc Co.**, and material producers **U.S. Steel Corp.** and **Olympic Steel Inc.**

Little Oversight

Members of Congress and some officials with the incoming administration are moving toward legislation that gives states funds through existing formulas that provide little oversight to ensure the spending fits

into a broader plan to modernize the nation's infrastructure grid and promote energy efficiency, according to several lobbyists and congressional aides.

"We like the environmentally friendly way of doing things but the charge we were given was to come up with something that can happen quickly," said **Jim Berard**, a spokesman for House Transportation and Infrastructure Committee Chairman **James Oberstar**, a Minnesota Democrat. "We can't lose sight of what the primary goal here is, and that is to put people to work."

Urban planners and mass transit advocates say that approach may undercut Obama's goal of more innovation in upgrading the nation's infrastructure.

'Bad Projects'

"The fear is that you would begin a bunch of bad projects that would have to be funded all the way," said Petra Todorovich, director of the New York-based **America 2050**, a coalition of transportation officials and civic, business and environmental groups. That would make it "a lot harder to make the big investments needed to build high-speed rail and public transit."

Advocates of surface-road and highway building say these projects would prove environmentally friendly because they would help relieve **congestion**.

The U.S. Department of Transportation has identified 220 bottlenecks that significantly increase the number of vehicles idling in traffic. "If you can eliminate the congestion, you can dramatically reduce greenhouse-gas emissions," said Jeff Solsby, a spokesman for the Washington-based American Road and Transportation Builders Association.

The Missouri plan reflects the current needs of the state, where 90 percent of travel is by cars on highways and roads, said Sally Oxenhandler, a spokeswoman for the Missouri **Department of Transportation**.

'Strike a Balance'

"We had to take a look at the needs and strike a balance, and also look at projects that we had ready to go in 180 days," she said.

Polly Trottenberg, director of **Building America's Future**, a Washington-based group promoting innovation in infrastructure improvements, counters that "there are plenty of projects that can put Americans back to work immediately and also start the transformation that is needed."

Her organization and other groups have pinpointed \$16.5 billion in mass-transit projects on which work can start within a year, and in many cases within four months.

In Europe and Southeast Asia, governments are investing tens of billions of dollars in high-speed rail projects that include systems designed for the rapid transport of merchandise. Proponents of a new approach to transportation in the U.S. are pushing for the stimulus package to fund similar projects.

They also are backing a provision in the stimulus legislation that would require states to spend funds on maintenance before building new roads. And they also want to direct funds to metropolitan planning authorities and to create a national oversight group to help coordinate the spending.

This could be similar to President **Franklin D. Roosevelt's** creation of a national resources planning **board** during the New Deal that developed long-range plans for infrastructure spending, Todorovich said. It laid the groundwork for the interstate highway system 20 years later.

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