Ask Colorado Whether Infrastructure Spending Works.

Here's something all of divided America should be able to agree on: Smart infrastructure investment works. For evidence, look at Colorado, where elected officials of both parties trace an economic boom to a decision 27 years ago to spend more than $2 billion on a new Denver airport.

The Denver International Airport was the brainchild of Federico Pena, who was elected mayor in 1983 and who would become the Secretary of the Transportation and Energy departments in the Clinton administration. It was assailed as a boondoggle by some local businessmen in a campaign led by Roger Ailes, then a Republican media consultant and later the impresario of Fox News.

The airport was financed by revenue bonds, which proved to be among the best performers in the market for state and local government debt. Today it is the linchpin of Colorado's transition to a global 21st-century economy flush with high-paying jobs and enhanced by daily nonstop flights to Asia, Central America and Europe.

Colorado has many economic advantages, from shale to ski resorts and beyond, but state officials say the new airport was the catalyst needed to set off the boom. "It's foundational," Governor John W. Hickenlooper said in an interview last month in his statehouse office. "I mean we look at infrastructure" as the central element "to build our new economy around."

JOB GROWTH TOOK OFF …

The airport is seven times the size of Stapleton Airport, which it replaced in 1995 as the largest public-works project in Colorado history. It still is the only major new U.S. airport since Dallas-Fort Worth in 1974. Even though the plan for the new airport was approved by 65 percent of Denver voters in 1989, some airline executives resented its cost and didn't think it was needed. Robert L. Crandall, the chairman of American Airlines, told Time Magazine in October 1991 that the facility was "a field of dreams" where "a lot of money is being poured into building a great big airport way out in the boonies," 24 miles from downtown. "There is no need for a new airport in Denver," he said.

On the contrary, the DIA's annual economic impact today exceeds $26 billion, more than eight times Stapleton's in 1984, according to George Karayiannakis, the airport's director of financial risk and analysis. It has generated more than 270,000 jobs, almost twice the comparable figure for Stapleton 32 years ago, and $295 million in concession gross revenue, compared to $45 million for Stapleton in 1994 (about $73 million after adjusting for inflation). Passenger traffic was a record 27.5 million for the six months through June, up 6.8 percent from 2015. Stapleton had 33.1 million passengers in all of 1994.

Denver's population during the past five years surged 10 percent to about 700,000 as the fastest-growing major American city after Austin, Texas, overtaking Baltimore, Boston, Detroit and Washington as it climbed to No. 19 from No. 22 in 2010, according to data compiled Bloomberg. As the Denver population booms, the city's and state's unemployment rates remain among the lowest at 3.8 percent, more than a percentage point below the national average of 4.9 percent, according to

Bloomberg data.

The DIA's success helped put Denver at the top for U.S. homeowners with above-average growth and below-average price fluctuations. During the past 30 years, the housing market for Denver produced the second-best return after Portland, Oregon, adjusted for price swings of the 20 major cities in the U.S., according to data compiled by Bloomberg. Denver, unlike any other major city, has been among the top five performers over 10 years and 5 years, reflecting its capacity for both fast and steady growth. During the past year, mortgage delinquency in the state declined 22 percent, the fourth-best result after Florida, Oregon and the state of Washington.

… AND SO DID HOME VALUES

Colorado's economy, meanwhile, is leaving behind its reliance on mining and energy. Since 2012, the accommodations and food services industry grew 22.5 percent, faster than in any other state except Texas and California, according to Bloomberg data. Health care and social assistance companies expanded 17.4 percent, the most for any state. Wholesale trade grew 17.7 percent, the fourth best in the U.S. since 2014, and finance and insurance grew 7.4 percent, bettered only by Utah and Nevada. Today, material and energy make up less than 30 percent of the total market capitalization of Colorado's publicly traded companies, down from 53 percent in 2010.

Colorado's bet on infrastructure has been a bonanza for investors as well. The DIA's bonds during the past five years provided a total return (price appreciation and income) of 19 percent, better than Atlanta, Orlando and Houston, according to data compiled by Bloomberg. Municipal bonds sold by Colorado have the sixth-best return of any state and returned 8.8 percent the past 12 months, a percentage point more than the U.S. average. Bonds sold by the E-470 Public Highway Authority returned 23 percent the past year.

Back in 1984, "a year into my administration, we fell into a major recession," Pena recalled in a telephone interview last month. "Our unemployment rate was two points above the national average. We had a 30 percent office vacancy rate in downtown Denver. The state of Colorado actually had a net loss of population which had never happened before. Every sector of the economy imploded." He said shrinking city revenues persuaded local politicians that "we had to invest."

"We had Republicans, Democrats and Independents coming together to get the airport approved, financed and built," Pena said. "We understood we had to diversify from what for the past 90 years was referred to as the boom and bust economy."

The 2016 presidential election is 62 days away and both candidates have urged a greater commitment to national infrastructure. Colorado shows why this national priority could be the gift that keeps on giving.

Bloomberg View

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