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Four Ways to Make Wiser Infrastructure Investments.

America's public infrastructure, particularly its transportation [1]and water systems[2], is decaying, underperforming our nation's needs and goals. But the solution to our infrastructure problem is relatively straightforward. America, at all levels of government and in conjunction with the private sector, needs to: **Invest. More. Wisely.**

Each of these three words contains an idea and corresponding set of policies. This paper focuses mostly on the final idea: Wisely. At its core, 'wisely' means that whatever level of investment is chosen, it ought to be invested in the smartest manner possible. While straightforward in theory, the application of a wiser approach to infrastructure is more complicated in practice. There is generally a reason why sub-optimal choices that fail to maximize total social benefits or minimize total social costs are frequently made and often encouraged by problematic policy or outmoded regulations. Despite bipartisan recognition of the problem and proposals by both the Administration and Democratic leadership, Congress has yet to, and remains unlikely to, pass major new infrastructure legislation.

This paper explores a set of core ideas that can help America make wiser infrastructure investment choices. Changes are needed at all levels of government, especially the state and local levels including infrastructure authorities, where most infrastructure decisions are made. The federal government has an important, but limited, role in structuring these choices. The federal government's most impactful role is to promote wiser federal infrastructure investment choices and to incentivize wiser decision-making at the local level. Incentive programs, even small ones, from the federal government such as the TIGER[3] competitive transportation grant program, or the Race to Top education program[4]have shown that "competitive programs have impact"[5]in promoting change at the state and municipal level.

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Wednesday, July 25, 2018

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