



AMERICA NEEDS ITS EDGE BACK

OBAMA IS RIGHT. WE NEED NEW ROADS AND SCHOOLS. BUT THE TEA PARTIERS WILL FIGHT HIM ALL THE WAY.

BY MICHAEL TOMASKY
ILLUSTRATION BY THE HEADS OF STATE

FINALLY, BARACK OBAMA found the passion. “Building a world-class transportation system is part of what made us an economic superpower,” he thundered in his jobs speech on the evening of Sept. 8. “And now we’re going to sit back and watch China build newer airports and faster railroads? At a time when millions of unemployed construction workers could build them right here in America?”

Obama’s urgency was rightly about jobs first and foremost. But he wasn’t talking only about jobs when he mentioned investing in America—he was talking about our competitiveness, and our edge in the world. And it’s a point he must keep pressing.

In a quickly reordering global world, infrastructure and innovation are key measures of a society’s seriousness about its competitive drive. And we’re just not serious. The most recent infrastructure report card from the American Society of Civil Engineers gives the United States a D overall, including bleak marks in 15 categories ranging from roads (D-minus) to schools and transit (both D’s) to bridges (C). The society calls for \$2.2 trillion in infrastructure investments over the next five years.

On the innovation front, the country that’s home to Google and the iPhone still ranks fourth worldwide in overall innovation, according to the Information Technology & Innovation Foundation (ITIF), the leading think tank on such questions, which conducts a biannual ranking. But we might

not be there for long. In terms of keeping pace with other nations’ innovation investments—“progress over the last decade,” as ITIF labels it—we rank 43rd out of 44 countries.

What’s the problem? It isn’t know-how; this is still America. It isn’t identifying the needs; they’ve been identified to death. Nor is it even really money. There are billions sitting around in pension funds, equity funds, sovereign wealth funds, just waiting to be spent.

The problem—of course—is politics. The idea that the two parties could get together and develop bold bipartisan plans for massive investments in our freight-rail system—on which the pro-business multiplier effects would be obvious—or in expanding and speeding up broadband (it’s eight times faster in South Korea than here, by the way) is a joke. Says New York University’s Michael Likosky: “We’re the only country in the world that is imposing austerity on itself. No one is asking us to do it.”

There are some historical reasons why. Sherle Schweninger, an infrastructure expert at the New America Foundation, a leading Washington think tank, says that a kind of anti-bigness mindset developed in the 1990s, that era in which the besotting buzzwords were “Silicon Valley” and “West Coast venture capital.” Wall Street began moving away from grand projects. “In that ’90s paradigm, the New Economy–Silicon Valley approach to things eschewed the

public and private sectors' working together to do big things," Schwenninger says. "That model worked for software, social media, and some biotech. But the needs are different today."

That's true, but so is the simple point that the Republican Party in Washington will oppose virtually all public investment. The party believes in something like Friedrich von Hayek's "spontaneous order"—that is, get government off people's backs and they (and the markets they create) will spontaneously address any and all problems. But looking around America today, can anyone seriously conclude that this is working?

The most pertinent bill in Congress is the one Obama name-checked in his speech: an infrastructure-bank proposal sponsored by Democratic Sen. John Kerry of Massachusetts and Republican Sen. Kay Bailey Hutchison of Texas. It's designed specifically to try to win bipartisan backing: the bank's initial funding would be only \$10 billion; it would have to become self-sufficient within a few years; it would be overseen by an independent board; there's even a provision for making sure rural projects don't get shafted. The public-private nature of the proposal is key, says Congresswoman Rosa DeLauro of Connecticut, lead sponsor of a companion House bill. "If we can really bring clarity to that," she says, "we have a shot."

Hutchison, who got interested in infrastructure when George H.W. Bush appointed her to a commission, says she thinks the bill could appeal to Republicans, but she hasn't spent much time talking it up to her colleagues. "It's a kind of complicated and in-the-weeds type of legislation, so I have not tried to get a big sponsorship," she says. Kerry holds on to optimism. "The idea is so powerful and such common sense that my hope is that the better angels will prevail for the good of the country," he says. A member of the recently formed "supercommittee" tasked with meeting the spending numbers agreed to in the debt-ceiling deal, Kerry says that the panel has a broad-enough mandate that his bill could be included in any deficit-cutting agreement.

But that's an awfully tall order. Janet Kavinoky of the U.S. Chamber of Commerce says the chamber endorsed the Kerry-Hutchison plan and has backed the infrastructure-bank idea since 1982. Trying to get Republicans on board, she says, has been daunting. "We've got several who say, 'We believe you, and we'd like to do this,' but getting people to say publicly that they want to make infrastructure an exception is a real challenge."

This is all the more maddening because support for such investments among the general public is broad and deep and crosses ideological boundaries, notes Nicholas Turner, who heads transportation initiatives for the Rockefeller Foundation. "The bipartisan support was stunning," Turner says. In a poll the foundation commissioned in February, even 59 percent of Tea Party supporters considered infrastructure investment to be vital. But as long as Barack Obama is for it, the Tea Partiers in Washington will fight it.

It may be too much to think Obama altered that reality on Sept. 8. If the Republicans go for any portion of his plan, it's more likely to be the tax cuts than the large public investments. That's all the more reason he needs to keep pressing forcefully for the latter. The need is clear, and the public support is there. **nw**

15 CAN-DO CITIES

NEWSWEEK EXAMINED DATA ON 300 PLACES TO RANK THOSE SUCCESSFULLY SOLVING PROBLEMS—FROM IMPROVING HEALTH CARE TO LIFTING GRADUATION RATES.

	TOTAL (OUT OF 100)	SUSTAINABILITY	TRANSPORTATION & INFRASTRUCTURE	LIVABILITY	BUSINESS DEVELOPMENT
1 EL PASO, TEXAS Small businesses are opening while the cost of living is dropping.	71	21	20	18	11
2 OAKLAND Living here is getting cheaper, as is doing business.	66	17	15	20	15
3 RIVERSIDE, CALIF. More people are insured and green buildings are going up.	64	22	12	18	12
4 SAN ANTONIO It's getting greener here, with a 42% jump in park space in a year.	62	18	11	15	18
5 OMAHA More people are taking public transit or walking to work.	61	11	22	14	14
6 WASHINGTON, D.C. A well-oiled mass-transit system has seen a jump in users.	61	15	19	14	13
7 RALEIGH, N.C. A hub of academic research, but fewer people walking to work.	61	18	12	18	13
8 ATLANTA Health insurance more common and green buildings rising.	61	15	12	17	16
9 BUFFALO, N.Y. A border town with a jump in college graduates.	60	12	24	14	11
10 AUSTIN, TEXAS A 16% rise in the number of small businesses.	59	15	17	13	14
11 BOSTON Relatively low unemployment of 6.4%.	59	12	21	13	14
12 PHILADELPHIA Has actively recruited entrepreneurs and kept costs low.	59	15	17	14	13
13 DALLAS One of country's biggest buyers of green power.	58	17	14	15	12
14 FT. WORTH, TEXAS More than two dozen LEED-certified buildings have gone up.	58	21	15	11	12
15 PORTLAND, ORE. A jump in venture-capital deals and a spike in new small businesses.	58	12	16	17	14

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