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Finding ways to fix our roads, five years after the stimulus

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You've probably heard much discussion lately about the condition of South Carolina's roads and bridges, and how to fund their repairs and maintenance. Policy-makers agree that the issue will be front and center when the legislature convenes in January. The unanswered question is where to find the billions of dollars needed to fix them – and whether there will be an increase in the gas tax, raising pump prices.

Lately, as the subject turns to funding road repairs, my thoughts turn to the incredible failure of the American Recovery and Reinvestment Act of 2009.

Usually referred to as the “stimulus,” this gigantic spending bill was supposed to both jolt our economy back to life and restore our transportation infrastructure. The White House and its allies in Congress made “rebuilding our crumbling roads and bridges” a centerpiece of their sales pitch to the American public. After all, roads and bridges are popular with voters.

But when the ink dried on the final version of the bill, it contained surprisingly little for roads and bridges.

The stimulus was originally given a price tag of \$787 billion, although it was later revised upward to \$840 billion. Of that, just \$48 billion was for transportation-related projects. That didn’t square with the “roads and bridges” rhetoric from Washington.

Days after the hurried passage of the bill, I developed a method to track the federal stimulus dollars coming into South Carolina and publish spending details on the web. As I got more acquainted with how this money was being used, it became apparent to me that people had been sold a bill of goods. Ultimately, about \$5 billion came through state government in South Carolina, with only \$500 million going to the state Department of Transportation for highway work and related needs.

The stimulus will go down in history as a blown opportunity for America.

Nine out of 10 dollars simply went toward expanding government programs, such as entitlement programs, most of which already existed. Growing government is not a way to create real economic growth. For a stimulus to succeed in creating sustainable economic growth, it has to stimulate private sector growth.

Because American Recovery and Reinvestment Act spending was mainly directed at public (government) spending, it failed to accomplish the White House’s stated goals of immediately boosting the economy and assuring that the unemployment rate would be kept at or below 8 percent. Unemployment eventually exceeded 10 percent – and didn’t make it back to 8 percent for another three and a half years.

It was a wasted opportunity. With nearly a trillion dollars, we could have met many of our country’s vital needs – including South Carolina’s pressing highway needs. But the stimulus wasn’t actually about roads and bridges, nor was it truly about the economy. Rather, the economic downturn in 2007-2008 was used as an excuse for the 2009 stimulus bill to pamper politicians’ spending impulses.

It has been mocked for its extravagance – from politicians’ pet projects, such as new government buildings and visitors’ centers, to bizarre academic studies, such as the \$2 million grant to study the behavior of exotic ants.

And here we are, less than five years after the \$840 billion spending package was signed into law and the

borrowed money financing it has been all spent, trying to find money to fix roads.

Of course, blaming Washington won't fix our roads. It will take clear thinking on the part of policy leaders, as well a willingness to explore combinations of solutions. But anger would be justified, while South Carolinians – still burdened with tremendous debt from the stimulus – struggle to understand why Washington failed to truly address the nation's deteriorating highways, and instead borrowing and spending nearly a trillions dollars to reinforce and expand government.

Richard Eckstrom is a CPA and the state's comptroller.

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