

We were builders once

By: [Joe Nathanson](#) March 22, 2018



On a trip inspired by my wife, earlier this year I had the wonderful experience of transiting the Panama Canal. I had the opportunity to observe firsthand how the locks – a set of three compartments comprising the initial Gatun Locks — lifted us 85 feet above the Atlantic Ocean to the level of Gatun Lake. I marveled at how the gates that controlled the water flowing into the compartments operated flawlessly. These were the same mechanisms that had been designed and fabricated over 100 years ago. Later in our 50-mile passage, two more sets of locks allowed us to descend to the level of the Pacific Ocean.

In the course of preparing for the trip, as well as during the cruise, we had a chance to read about the engineering, financial and political challenges to bring the canal into operation in 1914. After false starts by two successive French-led enterprises, the United States took matters in hand, with President Theodore Roosevelt leading the charge for building the canal across the isthmus of Panama (helping to engineer a 1903 bloodless coup that established Panama as a new nation, independent of Colombia).

Construction began in 1904. First beset by the mosquito-borne diseases of yellow fever and malaria, which were taking an enormous toll on the early workforce, the project turned to the enormous engineering feat of cutting through 240 million cubic yards of rock and dirt. All of this had been made possible by the U.S. investment of \$337 million (estimated to be \$7.5 billion in 2007 dollars).

‘Internal improvements’

As a young country, America had its debates about the federal role in funding public works, then termed “internal improvements.” Indeed, President James Madison recognized the necessity of providing these improvements to advance the nation’s economic development. Yet, on the last day of his administration in 1817, he vetoed legislation to fund public works, believing that the Constitution did not give Congress the power to affect such improvements. One of the major engineering achievements of the early 19th century, the Erie Canal, was paid for entirely by the state of New York.

Transcontinental railroad

Over time attitudes changed. Even in the midst of the Civil War, President Abraham Lincoln understood the importance of binding the vast nation through significant federal investments. In

July 1862, Lincoln signed into law the Pacific Railway Act. The legislation authorized federal funding for the construction of the first transcontinental railroad. The railroad connecting the nation east-to-west was completed, with a ceremonial Golden Spike in Utah Territory, in May 1869.

National highways

Fast forward to the mid-20th century. President Dwight D. Eisenhower became the champion for a new round of major federal investments in infrastructure. The result was the Federal Aid Highway Act of 1956 and an ambitious program of modern highway construction, linking population centers and their hinterlands coast-to-coast.

With extensions since the initial decades of construction, the interstate network now totals about 48,000 miles. The cost of that construction was valued at \$499 billion in 2016.

Today's gridlock

Today there is a broad consensus that we have a backlog of infrastructure needs, ranging from relieving metropolitan traffic bottlenecks and repairing failing bridges, transit systems and water utilities to extending broadband to rural communities. There is no consensus on how to pay for these needed improvements.

There's a proposal from the current administration for a \$1.5 trillion infrastructure program over the next 10 years. But only \$200 billion of that total would be direct federal expenditures; the balance is to come from state and local governments and private sources.

Note that this is quite a reversal from the original Interstate funding arrangement of 90 percent federal aid and a 10 percent state/local match. Many critics of the proposal are calling it "smoke and mirrors."

There is also no clarity in how priorities are to be set. Take the case of the Gateway project, the proposed new Hudson River rail tunnel connecting trains between New Jersey and Penn Station in Manhattan. The new tunnel is required in order to allow the existing tunnel to be closed for essential repairs. The price tag is \$30 billion. After earlier fits and starts, New York and New Jersey came to an agreement to cover \$15 billion of the cost, with the rest of the funding from the federal government.

Based on the latest news reports, that plan has been derailed. It seems that the federal part of the bargain has been called off, largely as a matter of pique between two federal office-holders hailing from New York.

We were builders once. Are we still?

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