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Highway funding bill illustrates everything wrong with Congress



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It isn't often that an individual, company or government gets everything wrong simultaneously, but members of Congress, clinging fiercely to ideology, expediency and cynicism, are regularly doing just that. There can be no better illustration than the pathetically ignorant and immoral "solution" fashioned last week to forestall the pending insolvency of the Highway Trust Fund.

No thinking person — Democrat, Republican or Unicorn — can possibly believe that encouraging companies to further shortchange already inadequately financed pension plans is a sensible approach to funding highway construction. Nevertheless, that's what Congress just did, before rushing off to an ill-deserved vacation.

Anyone who pays attention to public affairs knows that the U.S. has been seriously underfunding maintenance of the country's infrastructure for many years. We spend roughly half as much, as a percentage of GDP, on infrastructure maintenance as most developed countries. The Highway Trust Fund, which provides a large percentage of the money needed to sustain and expand our roads, is supported by a federal gasoline tax of 18.4 cents per gallon, which has not been increased since 1993.

Because building and maintenance are more expensive now than when the tax was last increased, the fund was expected to run out of money at the end of August. That would have meant about 600,000 jobs lost as highway construction and maintenance projects across the country shut down.

Shutting down projects that are providing good jobs is bad for the re-election prospects of incumbents, so Congress went looking for a way to keep those projects going — without raising taxes or increasing the deficit. Instead, Congress decided to make another problem even worse than it already is — counting on the fact that most of us won't notice and, even if we do, won't do anything about our outrage.

To prevent the trust fund from running dry, Congress authorized the transfer of \$10 billion from the Transportation Department General Fund to the Highway Trust Fund. Normally, increasing the government's expenses by paying for road building would count as an increase in the deficit. However, since most members lack the courage to acknowledge that truth, Congress decided to finance the fund transfer by allowing corporations to make smaller pension contributions under certain circumstances. Doing so allows Congress to forecast larger corporate profits and increased tax receipts, thus — theoretically — covering the cost of the payment to the Highway Trust Fund.

Since smaller pension contributions now will mean higher contributions later, arguing that such an arrangement generates additional revenue for the government is nonsensical. Moreover, since many pension plans are already underfunded, and since the government agency responsible for replacing benefits owed by failed pension plans — the Pension Benefit Guaranty Corp. — is itself in financial difficulty, allowing more plans to be more underfunded is clearly contrary to common sense.

Nonetheless, because underfunded pension plans make news only when they actually go broke, Congress feels confident that its chicanery will go unnoticed and has proceeded to "solve" the problem of a depleted Highway Trust Fund by making the pension funding problem worse.

This nonsense goes on only because most citizens pay little attention to what Congress does. Even fewer write, call or otherwise complain about irresponsible behavior.

Until a larger percentage of our citizens realize that our government isn't working well, the U.S. is not going to find solutions to the many great issues that challenge us: infrastructure, education, energy, research and development, immigration, inequality, taxation, debt.

While these are all hard problems — requiring careful thought and serious deliberation — they are no more difficult than other problems we have faced and overcome in times past. Solutions are not beyond us, but they will surely continue to elude us until we choose our leaders more wisely and pay more careful attention to what those leaders are doing. Those who choose to lead must be held accountable for getting things right, but so far, seem to be doing just the opposite.

Bob Crandall retired as chairman of American Airlines in 1998. Follow him on Twitter at @CrandallAA.

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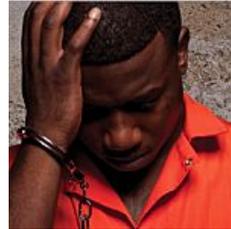
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Robert Pratt

1 hour ago

"Anyone who pays attention to public affairs knows that the U.S. has been seriously underfunding maintenance of the country's infrastructure for many years." What absolute B.S. most of this stuff is not even a Federal responsibility!

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