
THE WALL STREET JOURNAL.

How About a Partnership Stimulus?

By Tom Suozzi

In January, a fresh contingent of governors, mayors and legislators will take the reins of power in this country. Many of them will occupy political office for the first time, and nearly all of them will have won by promising to create jobs, cut government spending, and improve our quality of life. The urgent question they will face is: How?

One realistic answer would be a stimulus package funded by the private sector. Two hundred billion dollars of private investment in public infrastructure currently dedicated by major investment and public pension funds would help jump-start the economy, reduce the pressure on state and local governments, and improve the quality of life for millions of Americans. Instead of putting more taxpayer dollars into current wasteful modes of infrastructure financing, federal, state and local officials should recognize that there are better ways to get these critical projects done.

Public-Private Partnerships are globally proven models. During the past two decades, more than 1,300 such partnerships valued at over \$250 billion were signed in the European Union, Canada, South America, Australia and Asia. Some of our states (like Florida, Virginia and Maryland) and cities (such as Chicago and Denver) have successfully started to implement them, but overall the U.S. lags far behind.

Our economic recovery is hampered by the poor condition of our infrastructure and our congested roadways, ports and airports. The American Society of Civil Engineers (ASCE) estimates that \$1.6 trillion is needed beyond what is available over the next five years. According to the ASCE, "one-third of America's major roads are in poor or mediocre condition and 36% of major urban highways are congested."

When more than 26% of the nation's bridges are either "structurally deficient or functionally obsolete," it's not a safe situation. We shouldn't tolerate congested airports, outdated air traffic control systems, or aging sewer systems that spew billions of gallons of untreated wastewater into our rivers and harbors.

The federal stimulus package included \$27 billion to fund transportation, and President Obama is now proposing another \$50 billion for roads, rail and runways. That's good news, but it's not nearly enough. Even if we could get the newly divided Congress's support, we would be borrowing every dollar of that figure.

Fortunately, over 30 major investment funds with more than \$180 billion in capital are seeking to invest in long-term public infrastructure projects. That capital can be leveraged by the funds to nearly \$1 trillion. There are also 50 pension funds with approximately \$40 billion available for infrastructure investment.

Some of America's largest public pension funds already invest directly in infrastructure projects. The Dallas Police and Fire Pension System now owns a 10% stake in a \$2.7 billion Texas public-private partnership, the LBJ Freeway. CalPERS purchased a \$157 million, or 12.7%, interest in Gatwick Airport -- in the United Kingdom. If we don't create ways to attract private capital here, more will flow to our competitors around the globe.

A national poll sponsored this year by Lazard, a company where I serve as a senior adviser, shows that voters -- overwhelmingly concerned with the economy -- want their elected officials to find nontraditional means of addressing fiscal problems. The method they favor most is private investment in public infrastructure. Voters who describe themselves as moderate favor private investment in public infrastructure by 2 to 1. The U.S. Department of Transportation estimates that every \$1 billion in infrastructure spending creates 25,000 jobs, which should further encourage both the public and elected officials to support such an effort.

President Obama should call a meeting of the country's governors and governors-elect to discuss strategies for new national and regional infrastructure projects. Creating a national infrastructure bank is one way to implement such a program; setting up state infrastructure banks is another.

The new Congress should support such initiatives. But if partisan gridlock remains the hallmark of Capitol Hill, the president should launch -- with the bipartisan support of the nation's governors -- a new framework for private infrastructure investment.

Mr. Suozzi is a former Nassau county executive.