



Jacques M. Chenet—NEWSWEEK



Axle-crunching section of road in New York City, dangerous bridge in Boston, costly aftermath of the collapse of an earthen dam near Estes Park

Newsweek

NATIONAL AFFAIRS

The Decaying of America

No one noticed the spidery crack inching its way along the concrete casing of New York City's 65-year-old water tunnel No. 1. But one weekday morning, 600 feet below the Bronx, the steady torrent of water loosened one chunk of concrete, then another, then another, until an underground landslide closed the tunnel off. Manhattan's water trickled to a stop. Within minutes pumps in high-rise buildings, trying to compensate for the loss of pressure, caused a widespread blackout. Elevators stopped at mid-floor. Subways rolled dead, their antiquated electrical backup systems unable to handle the sudden load. Sewers backed up. Fires raged. Before rescue workers could come to their aid, thousands of panic-stricken New Yorkers headed for the only means of escape—the city's dilapidated bridges. Overloaded with humanity and cars, the 73-year-old Queensboro Bridge cracked, groaned and toppled into the East River.

That vision of urban apocalypse isn't far-fetched. America's infrastructure—the vast, vital network of roads, bridges, sewers, rails and mass-transit systems—is heading toward collapse. The decay is most acute in older industrial cities, but clogged highways and strained water systems also threaten to strangle booming Sun Belt towns, and even in dusty rural communities, potholes batter chassis and jangle motorists' nerves. Two weeks ago, in one 24-hour period, an 80-year-old earthen dam burst in

Colorado, sending a wall of water through the town of Estes Park, and a major aqueduct broke in Jersey City, N.J., leaving nearly 300,000 residents without drinkable water for six days. Says Robert Harpster, executive director of the Iowa League of Municipalities, "Our sewers leak like sieves, our mass transit is in bad shape and our roads look like the Ho Chi Minh trail."

Ever since the canal boom of the 1800s, public works have shaped the nation's character and accommodated its growth. But

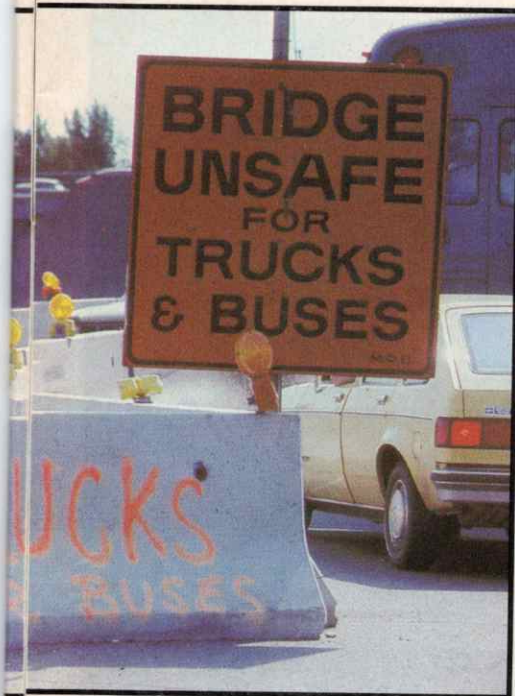
Aging and neglected, the nation's network of roads, bridges, sewers and rails is nearing collapse.

today one-quarter of the interstate-highway system is worn out and needs resurfacing. One-half of Conrail's rails and roadbeds are seriously decayed. Half of all American communities cannot expand because their water-treatment systems are at or near capacity. One-fifth of the nation's bridges are so dangerously deficient they are either restricted or closed. "We're living on our laurels of the 1950s and 1960s," says Transportation Secretary Drew Lewis. Agrees Pat

Choate, co-author of "America in Ruins," a study of the crisis for the Council of State Planning Agencies: "We've been squandering a major part of our national wealth."

All told, the cost of needed repairs around the country could run as high as \$3 trillion. But the bills are coming due at a time when there is little money to spare. The Reagan Administration favors cutting Federal aid for highways, bridges and pollution-control projects and plans to phase out mass-transit operating subsidies by 1985, leaving state and local governments to pick up the slack. For their own part, many states and cities are already in fiscal *extremis* and will be forced to spend more and more scarce funds for simple operating costs as Federal aid to other programs diminishes. Money is even tighter where strict local tax-cut measures are in effect. Under Proposition 2½, for example, Massachusetts is devoting only .5 percent of its budget this year to maintenance and repair—a policy one expert on the state's budget, Mark Ferber, calls "penny-wise and pothole foolish."

At the same time, record interest rates have driven the cost of issuing municipal bonds—the traditional means of raising capital funds—prohibitively high. And other recent Federal policies have hardly helped. All Savers certificates, Individual Retirement Accounts, accelerated depreciation and "safe harbor" leasing laws have all reduced the incentives for individuals and corporations alike to invest in tax-



Ira Wyman



Howell—Denver Post-Picture Group

Park, Colo.: 'Our sewers leak like sieves, our mass transit is in bad shape and our roads look like the Ho Chi Minh trail'

exempt municipal bonds. "The U.S. Treasury is slowly choking the ability of states to raise money," charges Massachusetts bond counsel Francis X. Meany. Some economists warn that Reagan's plan to stimulate the growth of the private sector through tax cuts could backfire if the roads, bridges, rails and water systems that businesses depend on are allowed to collapse from too little government support.

Human Toll: Already the nation's decaying physical plant is costing Americans dearly. In Houston, for example, city planners estimate that motorists pay a "traffic congestion tax" of \$800 a year in time and gasoline wasted on the city's snarled expressways. U.S. Steel spends an extra \$1 million a year detouring its trucks around a closed bridge in Pittsburgh. TRIP (The Road Information Program), a highway-industry group, estimates that the aggregate cost to the private sector of bad roads and bridges is \$30 billion a year—for everything from broken axles to lost business. Even worse, the infrastructure crisis is exacting a heavy human toll. A recent Federal Highway Administration study found that spending an extra \$4.3 billion to fix dilapidated bridges and roads could save 480,000 injuries and 17,200 lives over fifteen years.

There are nearly as many reasons for infrastructure decay as there are potholes. Some of it stems simply from old age. Built largely in the 1950s, the interstate-highway system, for example, was designed to last only 25 years. Many roads, bridges and water systems are also bearing far greater burdens than they were ever expected to accommodate. Boston's six-lane Southeast Expressway, built in 1959 for 75,000 cars a day, is now an axle-crunching obstacle course that carries 150,000 cars daily. And

everywhere, age and abuse have been compounded by neglect. Investment in public works by all levels of government has dropped by more than 25 percent since 1972 (chart, page 18). As the fiscal crises of the 1970s hit, many local officials balanced budgets by canceling preventive maintenance and deferring needed repairs. "In the choice between laying off police or maintaining sewers," says Lincoln, Neb., Mayor Helen Boosalis, "the sewers always lose."

Although billions of dollars have been spent on public works in recent years, the vast bulk of expenditures has gone not to maintain old facilities but to build ambitious new pork-barrel projects, often determined more by politics than actual need (page 18). Says E. S. Savas, Assistant Secretary for Housing and Urban Development, "Have you ever seen a politician presiding over a ribbon-cutting for an old sewer line that was repaired?" All too often the cost of such projects is wildly inflated by corruption on the part of construction firms, labor unions, public officials and organized crime—all at the taxpayers' expense (page 17). Meanwhile, the longer the repairs are put off, the costlier they become. "Deferred maintenance becomes reconstruction," says Choate's co-author, Susan Walter.

One big obstacle to good infrastructure maintenance is the very system that controls it. Responsibility for maintaining public facilities rests with more than 100 Federal agencies, as well as the 50 states, more than 3,000 counties and thousands of local agencies. In Cleveland four separate municipal departments share authority over hundreds of dilapidated bridges. In Eaton Rapids, Mich., city manager Dennis Craun has compiled a 120-page booklet of all the

Federal regulations that pertain to a 90-year-old one-lane bridge that is not strong enough to carry trucks or buses—but is nevertheless listed in the National Register of Historic Places, and therefore cannot be destroyed. "I'm about at the point where I'd consider driving an 80,000-pound tanker over it," he says. "That would do the trick."

Citizen opposition has also stood in the way of preventive maintenance, since road, bridge and water-main work can be inconvenient as well as costly. But as the decay worsens, some citizens are taking the lead—and some deteriorating facilities have become key political issues. Last March women in Grosse Pointe Farms, Mich., got so fed up with the potholes on Detroit's Lakeshore Road that they donned hard hats and hockey helmets and fixed them. U.S. Representatives Barney Frank and Margaret Heckler are fighting a re-election battle over a 76-year-old bridge in redistricted Fall River, Mass. Frank recently brought the chairman of the House Public Works and Transportation Committee to visit the bridge; Heckler brought Drew Lewis. "If this is what it takes to get action, I'll take it," says bemused Fall River Mayor Carlton Viveiros.

'Bumpy Rug': Aware of the growing potency of pothole politics and the genuine dangers of serious breakdown, many city officials are belatedly fighting to save their public facilities—at no small cost to city coffers. Chicago's Mayor Jane Byrne has announced a two-phase, \$187.5 million plan to rebuild 22 bridges and viaducts, 90 intersections and 46 railroad crossings. New York City has embarked on a ten-year, \$34.7 billion program to renovate streets, bridges and mass transit and work has begun on a third water tunnel. In Pittsburgh Mayor Richard Caliguiri is devoting \$60 million of his



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James D. Wilson—NEWSWEEK

Makeshift prison in Texas, cable-car repairs in San Francisco: 'We've been squandering a major part of our national wealth'

city's \$225 million budget this year to maintenance projects—deferring work on recreation programs. "We can no longer sweep these problems under the rug," says Cleveland's director of public utilities, Edward R. Richard. "The rug is getting too bumpy."

A sampling of the nation's worst infrastructure problems:

■ **Highways.** Still 1,500 miles short of completion, the once proud 40,500-mile interstate-highway system will need \$33 billion worth of repairs in the next decade. But the Federal Highway Trust Fund, which supported the system throughout the 1960s on ever-burgeoning revenues from the 4-cent-a-gallon Federal gasoline tax, has been sorely depleted with the advent of smaller, more fuel-efficient cars. Conditions are even worse on the larger network of primary and secondary roads. The U.S. Department of Transportation (DOT) estimates that the work needed to keep nonurban highways at current levels will cost more than \$500 billion over the next ten years—more than Federal, state and local governments combined spent on *all* public works in the 1970s.

■ **City Streets.** It takes 100 pounds of asphalt to fill the average pothole, and the record-cold winter of 1982 left a plague of them—1 million, by some counts, in Chicago alone. But city officials are finding that it can also be costly to leave them unrepaired. Two years ago, after paying \$20 million in negligence claims, New York City enacted a pothole "prior notice" law, exempting it from responsibility for accidents caused by any street defect not reported at least fifteen days earlier. Not to be thwarted, a citizens group called Big Apple Pothole and Sidewalk Protection Corp. sent an army of workers out to document every crack and rut in Manhattan, Brooklyn and the Bronx.

■ **Bridges.** Nationwide, 248,500 bridges—45 percent of the total—are structurally deficient or functionally obsolete. But DOT estimates that needed repairs could cost as much as \$47.6 billion. Meanwhile, two Federal programs are supposed to provide for periodic inspections and aid to the most dangerous bridges, but a 1981 General Accounting Office report found that many national safety standards were not being met. Heavy trucks continue to barrel over the Mountain Avenue Bridge in Malden, Mass., for example, even though it was "posted" at a maximum of 6 tons in 1977.

■ **Mass Transit.** Believe it or not, conditions on subways and buses are actually improving in many cities. Since 1979, when two Philadelphia buses caught fire on the road and only 26 of 108 subway cars were operating on the Broad Street line one night, the Southeastern Pennsylvania Transportation Authority (SEPTA) has raised capital spending from \$17 million to \$110 million and even brought aged repairmen out of retirement to teach a new generation of mechanics how to fix its 1920s car motors. New York City's Metropolitan Transportation Authority (MTA) has embarked on a five-year, \$5.8 billion renovation program, though frequent glitches with its new buses and subway cars have actually compounded maintenance problems in the vintage repair shops. Meanwhile, critics remain leery of the rescue plan, since the financing includes \$1.6 billion in bonds to be paid off by fare-box revenues. MTA Chairman Richard Ravitch "may be known in the future for two things," says Gene Russianoff of the watchdog group Straphangers Campaign, "rebuilding the system and the \$3 fare."

■ **Railroads.** Tempers have been rising along with fares on U.S. commuter rails. In

1980 half the ridership of the Long Island Rail Road joined in a one-day strike, refusing to show their tickets. "We pay ransom for the privilege of being hermetically sealed in dirty, smelly cars," says Lorraine Pirro, a citizen adviser to New York's commuter rails, which will spend \$1.3 billion on capital improvements over the next five years. Many systems are saddled with ancient equipment never designed for stop-and-go commuter service. "Edison Cars," dating back to 1923 when Thomas A. Edison threw the first switch, still make up 10 percent of the New Jersey Transit Corp.'s fleet.

Commuter headaches will be compound-

The Sky Above,

As any motorist who has ventured out onto the asphalt this travel season can attest, much of the nation's highways are in a deplorable state. NEWSWEEK national correspondent Martin Kasindorf recently white-knuckled his way over 971 scenic miles of Idaho, Montana and Washington state. His report:

Trucker Mike Houser pulled off Interstate 84 at Bliss, Idaho's "Stinker Truck Stop." Westbound from Pittsburgh to Portland with a 20-ton load of motor oil, Houser had tangled with a giant chuckhole in Nebraska the day before—and he was hopping mad. "Here, look at this," he fumed, pointing to a missing piece in the frame of his 45-foot trailer and a crack, hurriedly welded and covered with gooey whitish flux, running the height of his rig.

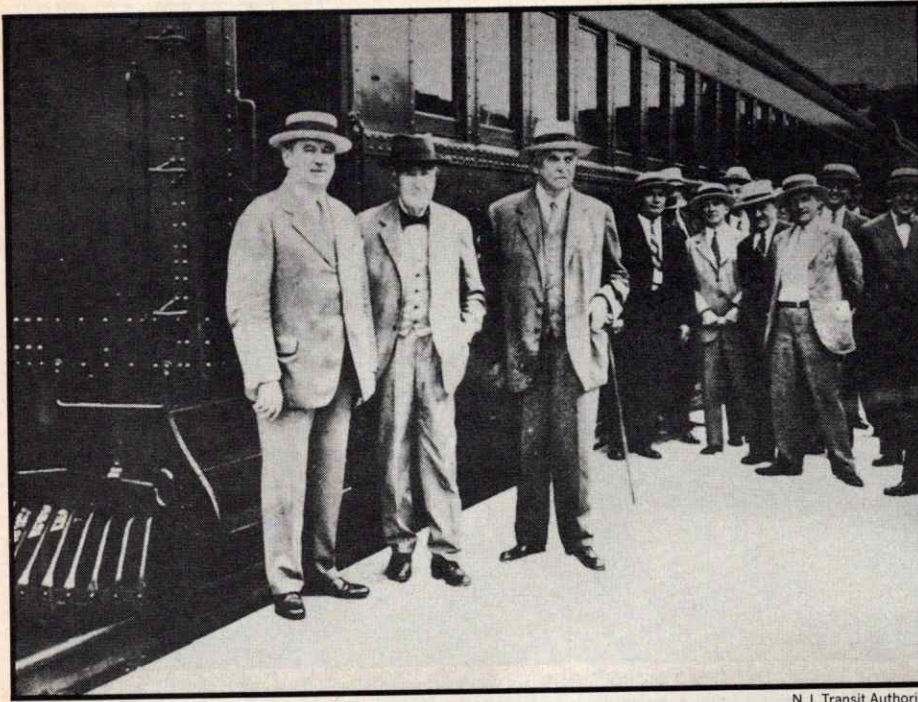
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just meeting pollution-control standards will cost \$25 billion over the next five years.

■ **Dams.** Like the earthen dam that burst in Colorado earlier this month, many U.S. dams are tiny, aged and privately owned—yet their collapse would jeopardize hundreds of lives and homes. State and Federal officials didn't even know where many of the dams were until the 1977 collapse of a dam in Toccoa, Ga., spurred Jimmy Carter to send the Army Corps of Engineers out to survey them. In a four-year study the Corps counted 68,000 non-Federal dams. The Corps inspected nearly 9,000 dams in highly populated areas and found roughly one-third to be unsafe, with 130 in danger of imminent collapse. But even where repairs were ordered, they have often not been carried out, because the dams' owners either couldn't afford them or couldn't be found.

■ **Public Buildings.** "Hardly a week goes by that we don't have some kind of roof problem at one of our 29 fire stations," says St. Louis budget director Jack Webber, whose city-hall roof nearly fell in on him last year. In New York City nearly half of the 1,087 public schools are at least 50 years old and many suffer rotted windows and outdated plumbing and electrical systems. Worse still are the nation's 3,500 prisons, as many as 3,000 of which need substantial renovation or expansion. In Texas 3,800 inmates of the state penal system sleep in tents for lack of space. In some states prisoners are being paroled early to ease overcrowding.

■ **Growing Pains.** Public works in Sun Belt cities have not kept up with population growth. In sprawling Phoenix a scant 36 miles of freeway now serve a population of 1.5 million, 97 percent of whom travel by car. Every day between 1970 and 1980, roughly 250 more cars joined Houston's



N.J. Transit Authority

The inventor (second from left) with his 'Edison cars' in New Jersey: Still in use

ed later this year when Conrail gets out of the commuter-rail business, leaving local transit agencies completely responsible for 210,000 riders daily. SEPTA officials warn that unless contracts and work rules are renegotiated (the average Conrail worker earns \$40,000 a year), they may have to close down the area's thirteen commuter lines. The precedents set by public takeover of bankrupt freight lines are not encouraging. In Michigan, for instance, half of the 931 miles of freight track run by the state lies dormant in disputes over subsidies.

■ **Water and Sewage Systems.** Every day more than 1 million gallons of tap water

disappear through leaks beneath the streets of Berwyn, Ill. In Milwaukee there were 170 water-main breaks in January alone. And in New York City, though the complete failure of one of the two giant water tunnels is unlikely, neither has ever been inspected. Experts say a breakdown of some kind is all but certain within the next twenty years. Sometimes made of brick, wood or cast iron and often more than 100 years old, America's sewer and water systems are subterranean time bombs. Choate estimates that 756 major urban areas will have to spend \$75 billion to \$110 billion to maintain their water systems over the next twenty years, and

the Ruts Below

He squatted and nodded toward the heavy steel springs of his suspension system. Two leaves were broken. "The roads," he muttered, "just tear your equipment apart."

Driving through much of the scenic West these days, the main vistas are the sky above, the ruts below. Only passengers pay much attention to the views of mountains, rivers and prairie. Drivers have to keep their eyes fastened on the next few yards of hazard-riddled pavement. Corrugated by snowplows, heaved up by the unusually harsh winter and spring thaw, crunched by overloaded trucks because railroads have abandoned thousands of miles of unprofitable freight track—the whole mess can be summed up in the words of Montana's frequently encountered diamond-shaped warning signs: "Rough Break."

Montana State Highway 200, for exam-

ple, is a jouncy two-lane blacktop teeming with impatiently maneuvering Peterbilts. To westbound motorists the outskirts of Missoula, where the road merges with a good stretch of I-90, comes as profound relief—but it is short-lived. Going down the steep Lookout Pass, steaming into the bottleneck in the old silver-mining town of Wallace, Idaho, the I-90 driver is bounced and rocked by patches on top of patches. Between Butte and Helena, Mont., an utterly terrifying stretch of I-15 winds and twists over chuckholes and fallen rocks—frightening even local people. "Anyone who drives that road day in and day out, you're either dead or you learn to be a truck driver," says trucker Les Waite of Butte.

Collapse: Idaho State Highway 55 has collapsed completely near Horseshoe Bend, some 20 miles north of Boise. Ripped away as if by an earthquake, the asphalt is piled up along the mountainside, and highway crews recently slowed drivers to 3 mph

over a makeshift track of raw rocks. "They should never have built that road here," complained one local driver during a 30-minute delay while workers tried to right a giant yellow front-loader that had slid partway into a ravine. The state will spend \$150,000 this summer for a quick fix of the Horseshoe Bend collapse—and next year the road may well collapse again.

The states are on a losing treadmill, barely able to fill in one winter's potholes before the next year's snows, while the rate of deterioration and construction costs grow exponentially. In 1971 \$1 million would rebuild 6.4 miles of highway. Today it rebuilds just 1.5 miles. "It's a tragedy that the interstate system is being allowed to go to hell," says Montana state-highway director Gary Wicks, who sees it all daily. "There's concern about government waste, and there should be. But it's just as easy to waste money by *not* spending it where you *should* be spending it."



Zoeller—The Dispatch-Picture Group



Mary Schroeder—Detroit Free Press

Emergency drinking water for Jersey City, citizens' pothole brigade in Grosse Pointe Farms: A human toll and rising tempers

expressways, and traffic there has become so chronically awful—with “rush periods” lasting twelve hours a day—that some executives now commute by helicopter (page 53). Texas planners figure it will take 300 miles of new freeway and 1,400 miles of streets, costing \$16.2 billion, to bring traffic conditions back to what they were in 1975.

Water is also a serious problem in the West and Sun Belt, where overlapping of ground resources causes more and more giant fissures and sinkholes. Meanwhile, the nation's ports have not kept up with the increasing demand for coal exports. At one point, 15 percent of the world's bulk coal was sitting useless at the port in Hampton Roads, Va., due to congestion in unloading.

Solutions: How will the staggering infrastructure needs be met? Proposed solutions range from a gigantic New Deal-style public-works program to increased user fees, but none will be easy. One of the most sensible ways of raising highway revenues, for example, would be to boost the Federal gas tax, which has been 4 cents a gallon since 1959. Transportation Secretary Lewis has proposed doubling the gas tax and raising levies on heavy trucks, to generate \$5 billion annually. But the powerful automobile and trucking lobbies oppose Lewis's plan to use \$1 billion of that revenue for mass transit, and President Reagan has vetoed the idea for now.

On their own, 31 states have raised state gas taxes and other fees in recent years and several are considering more road tolls. By charging an average of 2.4 cents per mile, for example, the 40-year-old Pennsylvania Turnpike pays for resurfacing 30 to 50 miles a year. Many communities are also raising rates for water and sewer services—systems experts say should be self-supporting. Often that requires creating a separate local agen-

cy, such as Boston's acclaimed five-year-old Water and Sewer Commission. The danger, critics warn, is that the proliferation of local agencies will diffuse accountability and multiply administrative costs.

Private businesses are also assuming a greater share of the burden—voluntarily or not. At the Sycamore housing development in Danville, Calif., where Proposition 13 prohibits raising taxes to pay for basic services, a local approval board is asking the developer to provide two new water tanks, a freeway interchange, a new elementary school and a new fire engine. The cost, of course, ultimately gets passed on to consumers: the town's decree is raising the cost of each new home there by \$15,000. Private donors are helping to renovate the crumbling Statue of Liberty and restore San Francisco's 107-year-old cable cars, which will shut down this September for twenty months of repairs. And in some cities business leaders are donating management expertise. “If Cleveland goes to hell, we all go to hell with it,” says attorney Carlton Schnell, chairman of a coalition advising the city on its infrastructure needs.

Dabbling: In desperation, local officials are experimenting with a wide variety of other revenue-raising schemes, including selling off public buildings. The Port Authority of New York and New Jersey is considering leasing vacant office space to raise funds for a “bank for regional development” that would lend money to local governments for infrastructure needs. Others are dabbling in “leveraged leasing.” New York's MTA sold 620 buses and ten commuter-rail cars to Metromedia, Inc., at \$15.5 million over the cost. Metromedia will take the tax depreciation on the equipment and lease it back to the MTA, which will use the net gain for operating costs. Atlanta

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On a larger scale, New York investment banker Felix Rohatyn has suggested a revival of the Reconstruction Finance Corp., which would issue \$25 billion in federally backed loans to cities to help maintain their facilities. Aware that the infrastructure crisis coexists with record-high unemployment, the House Education and Labor Committee has proposed a massive five-year, \$11 billion public-works program to provide jobs ranging from painting bridges to patching potholes. And a growing number of economists and lawmakers are calling for creation of a “national capital budget” that would fund infrastructure projects outside the Federal budget, where they are currently vulnerable to spending cuts.

Whatever the mechanism—higher taxes, higher user fees or higher consumer prices—the cost of repairing the nation's physical plant will inevitably come out of citizens' pockets. Already, the problems of decay and growth have pitted East against West, rural residents against city dwellers, truckers against straphangers and almost everyone against the Federal government.

Canoes? Federal allocation formulas currently favor building urban, not rural, highways—even though the expense of clearing city land can push the cost per mile as high as \$500 million. Allocation formulas also favor “multiple use” waterways, rather than city water and sewer systems. “If I could figure out a way to put canoes down there, maybe our problems would be solved,” jokes New York Mayor Ed Koch. Reagan's plan to phase out mass-transit



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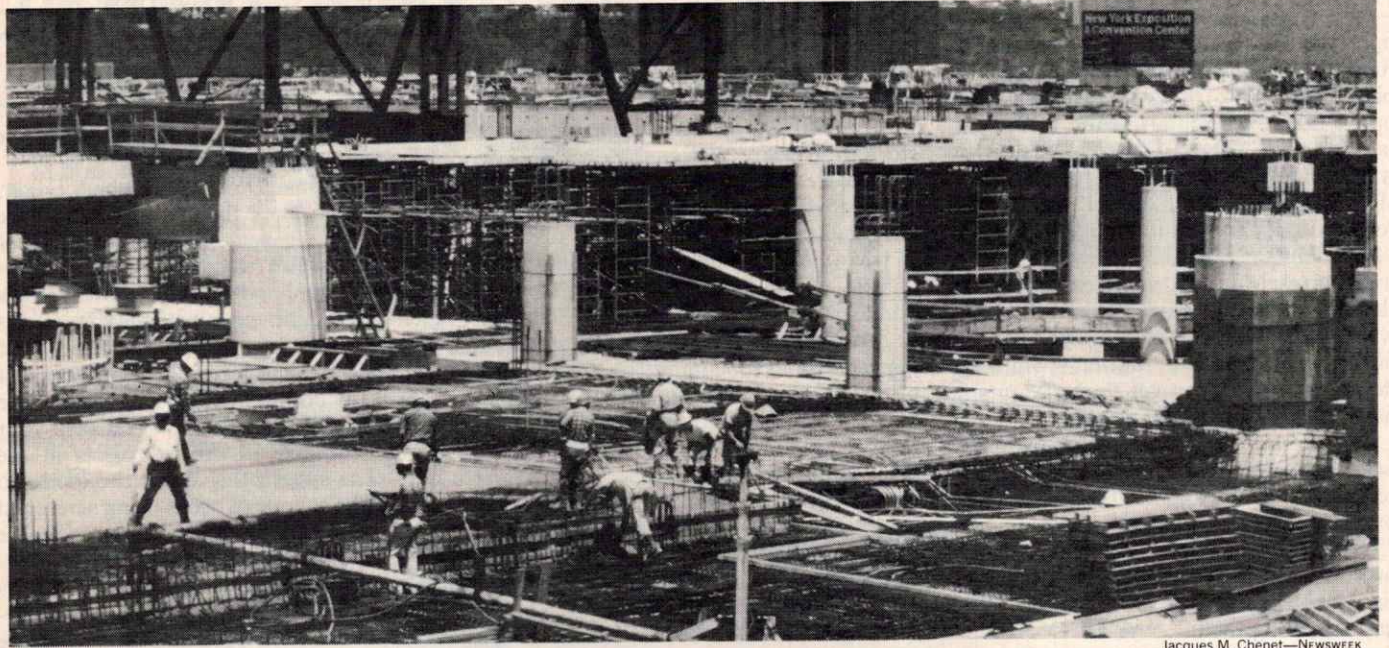
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Jacques M. Chenet—Newsweek

Manhattan convention center under construction: Allegations of collusion and higher-than-necessary costs

Highway Robbery

Federal grand juries in seventeen states are investigating charges of bid rigging on highway projects. In Oklahoma 190 current or former county commissioners and suppliers have been nabbed in fraudulent practices. Investigators in Detroit are looking into allegations that the city overpaid for fuel for city buses and that an official took money in connection with a sludge-hauling contract. In New York dozens of labor leaders, contractors and reputed mobsters have been indicted in what investigators say is an extensive network of construction racketeering.

Not everyone involved in public-works construction is corrupt, of course, but investigators have found collusion in virtually every aspect of the industry. Nobody knows how much corruption adds to the cost of public construction—but estimates range from 10 to 50 percent of the total bill. "Where bid money is involved, people come out of the woodwork to steal it," says former Justice Department attorney John Jacobs.

Spoils: One of the most costly forms of corruption is bid rigging. Contractors pre-determine who the low bidder will be, sometimes by agreeing to divide the spoils, sometimes arranging payoffs for the losers. Since 1979, in what has become the largest criminal antitrust investigation in the Justice Department's history, 124 corporations and 147 individuals have pleaded or been found guilty of bid rigging on highway and airport projects in fourteen states. More than 100 corporate officers have gone to jail for an average of four months—unusual in white-collar-crime cases—and the scandal is still mushrooming. In some states so many contractors have been barred from bidding, at least temporarily, that highway construction has been sorely delayed.

Firms that don't go along with corrupt practices may be forced out of business, investigators allege, leaving near monopolies that further drive up costs. In New York City, only two concrete contractors, Nasso-S&A and Dic-Underhill, ultimately bid for the city's new convention center, despite official efforts to solicit other bids. Nasso's winning bid, at \$30 million, was higher than officials had anticipated, but still less than Dic-Underhill's at \$40 million. "It doesn't take a Sherlock Holmes to figure it out," charges rival contractor Gene Palmieri, who has filed a \$20 million suit against the firms for monopolizing the industry.

"Nasso got the contract because Dic-Underhill said this one is yours." The firms have denied the charges in court papers.

Costs are also driven up by contractors who pay labor leaders to look the other way while union rules are violated—or simply to head off problems. "A company is usually willing to absorb \$400 to \$500 a week to keep labor peace," says Federal prosecutor Mike Guadagno. "It's like tipping the doorman." All too often, investigators say, organized crime skims off profits or supplies muscle. Theodore Maritas, president of the New York carpenters' union, disappeared last March after his trial for extortion and bid rigging ended in a hung jury. Prosecutors believe he has been murdered for possibly revealing too much about the mob.

Shoddy: Building corruption can reach into politics as well. Massachusetts set up a special investigation commission after two state senators were convicted of extorting \$23,000 from a construction-management firm. It found a close link between contracts and campaign contributions. A fund raiser for former Gov. Endicott Peabody, for example, occasionally set up shop in a Boston hotel suite to solicit contributions from contract seekers—and even provided bank-loan application forms. Political protection can also cover up shoddy workmanship. According to the commission, between 1968 and 1980 \$7.7 billion went to state and local projects with severe structural flaws—such as a sewer that flows backward—that will cost taxpayers \$2.1 billion to fix.

Investigators say they have only scratched the surface of the corruption in public construction, but the cases are tough to crack. "Cooperative witnesses," says FBI assistant deputy director Kenneth Walton, "end up with broken legs, floating face down in the Hudson River." In the past penalties have been light, but Federal officials are working to change that. Thanks to a 1974 amendment to the antitrust laws that raised bid rigging to a felony, more fines have been collected—\$35 million to date—and more jail time served in the current bid-rigging scandal than in the 92-year history of the Sherman Antitrust Act. Lawmakers are pushing for still more changes, such as greater oversight of public-works construction and perhaps a national corruption commission. "Businesses and officials who fix prices and rig bids rob the public," former Attorney General William Saxbe has said, "as sure as those who rob at the point of a gun."

MELINDA BECK with PHOEBE HOBAN and RON GIVENS in New York, FRANK GIBNEY JR. in Detroit and bureau reports

NATIONAL AFFAIRS

operating subsidies while continuing to fund transit capital needs has angered people on both sides of the issue. And because of opposition, the Administration is likely to table its New Federalism plan for roads that would have returned to the states their share of Federal gas taxes—along with the responsibility for maintaining highways. “Based on the amount of money it generates in gas taxes, Montana would barely pay for the signs on its highways, let alone the highways,” says Lewis. “You can say fine, don’t build any interstates in Montana, but what do you do when you get to the Montana border—get a horse and wagon?”

In general, the Reagan Administration believes that state and local governments rely far too heavily on the Federal government for their infrastructure needs. “The fact that there are potholes all over America doesn’t mean that it’s time for the Federal government to pay for filling them,” says HUD’s Savas. Historically, the pattern has been for the Federal government to build major public works, but leave them to states and cities to repair—and some local officials are beginning to decide that they can’t afford the Federal largesse. Cincinnati, for example, has adopted a policy of “planned shrinkage” of its physical plant where possible—even turning down Federal grants to concentrate its own funds on maintaining what it has.

Scaling Back: As the national budget debate increasingly becomes one of guns vs. butter vs. asphalt, planned shrinkage may become the public-works policy of the future. Already, officials doubt that the interstate-highway system, as originally conceived, will ever be completed. The Federal government has indefinitely postponed building the once planned \$3 billion rail and road system for the congested Houston area and the proposed \$2.1 billion “people mover” in Los Angeles. Not a single road links Juneau to the rest of Alaska, but the cost of building one may be too high even for that oil-rich state.

What will such decisions mean for the boom towns of the future? And if older cities are allowed to decay and contract, can citizens who “vote with their feet,” as Reagan has suggested, hope to find better conditions anywhere else? In past decades public works made America a nation of highways, of automobiles, of vital cities and water systems that are the envy of the world. Today’s hard choices will determine the shape of America in the decades to come.

MELINDA BECK with JERRY BUCKLEY in Washington, PHYLLIS MALAMUD in Boston, JACOB YOUNG in Detroit, DAN SHAPIRO in Houston, JOE CONTRERAS in Los Angeles and SUSAN AGREST, KATHERINE KOBERG, RENEE MICHAEL and MADLYN RESENER in New York

How Congress Slices the Pork

After twice vetoing its “budget busting” predecessors, President Reagan last week signed Congress’s latest version of the stopgap measure that enables the government to keep running. But even that bare-bones \$5.4 billion package included some essentials that the President never dreamed of when he made his original spending requests—\$19 million for two bridges in the home state of Indiana Rep. Adam Benjamin Jr., chairman of the House transportation appropriations subcommittee; a \$15 million bridge in North Dakota, home of Benjamin’s Senate counterpart, Mark Andrews, and \$4 million for a bridge from Ohio to Senate Minority Leader Robert Byrd’s state of West Virginia. And \$18 million in high-

ending stream of new projects. It also virtually guarantees that little effort goes into distinguishing the good from the bad, boon from the boondoggle.

Pennsylvania Democrat Robert Edgar, who tries to buck the system from inside pork-barrel heaven—the House subcommittee on water resources—calls it Congress’s “manhood ritual.” Every member, Edgar explains, must bring projects to the appropriate chairman, who will welcome the legislation and attach it to a giant omnibus bill. “But there’s a rule of thumb,” he warns. “You keep your mouth shut on all other projects in the bill.” The system thrives on the quid pro quo (“The sounds of backs being scratched

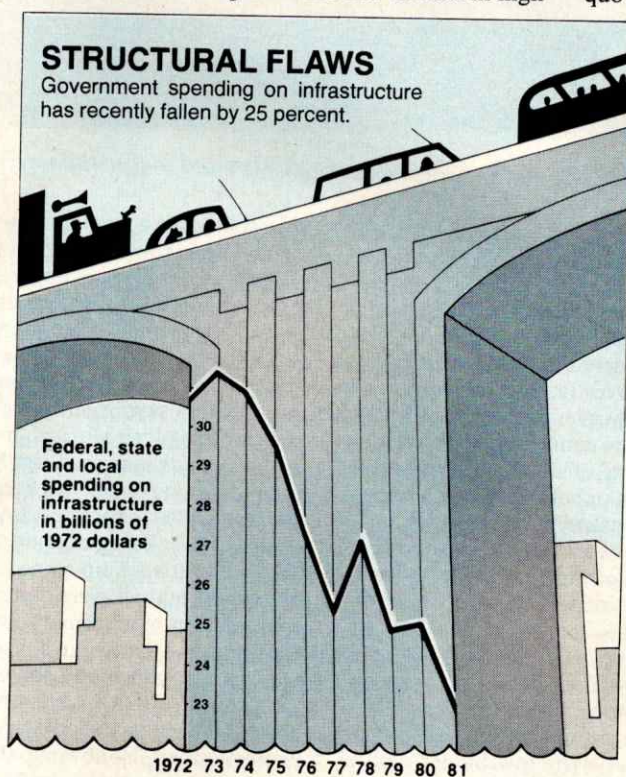
can get deafening,” says one Senate public-works staffer). It is reinforced by a confluence of interests among public agencies, which devise new projects to perpetuate themselves, the private beneficiaries, such as coal companies, barge operators, and the members of Congress. What’s pork to one lawmaker, of course, is kosher to another. Most insist their own projects are worthwhile. As Wisconsin Democrat David Obey puts it, “Pork is something that someone else gets.”

Incidents: Worthwhile or not, politicians generally find it easy to justify their projects. Since they are usually funded in modest increments, they hardly dent the multi-billion-dollar public purse. “People say they’re against runaway spending,” says William Proxmire, the Senate’s most vociferous pork watcher. “But then they say, ‘Our state wants such a small percentage that it doesn’t count, and it means so much to our state.’”

Of course, not all the pork emerging from Congress is cheap cuts.

The most notable exception may be the Tennessee-Tombigbee Waterway, a \$2 billion-plus, 232-mile short cut through Mississippi and Alabama to the Gulf of Mexico. Proxmire suggests that the waterway may stand for all time as the pork barrel’s “greatest monument.” That’s because the Tenn-Tom, which requires the removal of two and a half times the amount of earth dredged up for the Panama Canal, has been in political trouble from day one, first from environmentalists and more lately from budget cutters. It has survived its annual Congressional scuffles thanks to powerful backers like Mississippi Rep. Jamie Whitten, chairman of the House Appropriations Committee, and Mississippi Sen. John Stennis, ranking Democrat on the Senate Armed Services Committee.

Last year, ten years into the digging, it appeared the project might be canceled. But



way funds—about one-fifth of the Federal highway money in the bill for the entire nation—is slated for New Mexico, where Sen. Harrison Schmitt, a member of the Senate Appropriations Committee, faces a tough re-election fight.

Even in these days of tight Federal money, the pork barrel is alive and well in Congress. It is almost synonymous with public works, those federally funded highways, bridges, dams and office buildings that enable senators and representatives to provide their constituents with proof—literally concrete evidence—that they are indeed “doing something” in Washington. But even though money is desperately needed to repair and resurrect the nation’s existing infrastructure, the pork barrel is not often used for that purpose. Instead, the system tends to ignore the old in favor of a never-