

AMERICAN OPINION

US border crisis needs more than just money

By Bloomberg Opinion Editorial Board
Tribune News Service

Faced with a burgeoning crisis at the southern border, President Joe Biden has pledged to increase economic assistance to countries in Central America's Northern Triangle. He's right to do so. But money alone won't be enough.

The three Northern Triangle countries — Guatemala, El Salvador and Honduras — are some of the least developed nations in the Western Hemisphere, with poverty rates twice as high as in the rest of Latin America. The impact of the pandemic and two hurricanes in 2020 compounded the region's misery, displacing hundreds of thousands and causing Central America's economies to shrink by 6%. All three countries rank among the most violent and corrupt places on earth. Surveys show that more than 1 in 5 citizens say they've had to pay bribes to receive government services.

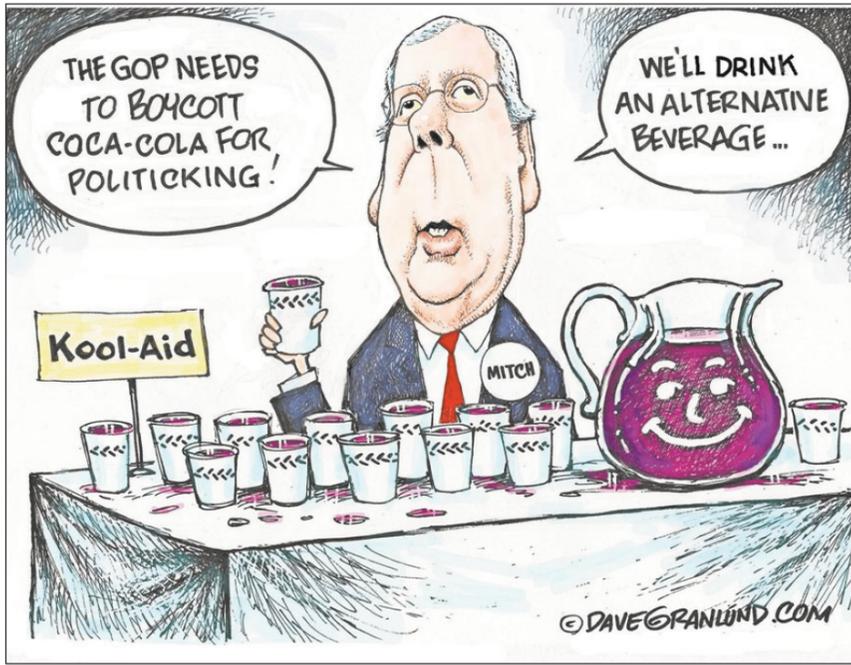
The Biden administration has called for providing \$4 billion over four years to the three countries to address the "root causes" of emigration. That's roughly double the amount spent by Donald Trump's administration, which in recent years cut off aid to punish the countries for failing to crack down on migration. The U.S. has an interest in holding the region's leaders accountable for their citizens' welfare, but amid public-health and environmental calamities, Trump's policy toward Central America was cruel and shortsighted. Wisely, Biden wants to reverse it.

At the same time, the administration should be clear-eyed about what this new assistance can achieve. Although the three countries got about \$2.4 billion in aid between 2013 and 2018, a Government Accountability Office report concluded that "limited information is available about how U.S. assistance improved prosperity, governance, and security in the Northern Triangle." Rather than rely on opaque bureaucracies to administer aid programs, the U.S. should adopt a more targeted approach. Diplomats in the region should work with civil-society groups that promote public transparency and the rule of law. "Place-based" strategies that steer resources to areas that produce the highest numbers of migrants should be expanded. Biden should also boost support for anti-corruption commissions that have effectively exposed cases of embezzlement and collusion between government officials and organized crime.

Perhaps more important, the U.S. should try to promote economic growth in the three countries. Negotiating digital trade agreements would reduce operating costs for businesses and spur investment in the region's nascent technology sector. Linking the U.S.-Mexico-Canada Agreement with the Central America Free Trade Agreement would encourage companies to reshore supply chains to the Northern Triangle by giving goods manufactured there duty-free access to the U.S. market. By one estimate, shifting just 5% of current investment in supply-chain production from China to Central America would create 1 million jobs in the region.

The factors causing so many to flee the Northern Triangle won't subside overnight — but solving America's border crisis requires that policymakers address them. A strategy that improves governance and promotes opportunity stands the best chance of helping the region's people build better futures at home.

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Pay now or later on infrastructure

By Peter Jensen
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Unless you work in the construction trades or civil engineering or perhaps in local government, you probably don't give much thought to how clean water got to your kitchen faucet, what happens after you flush or the design of that nearby highway overpass under construction. Public infrastructure has been likened to homeownership, and it's a fitting comparison.

Your home not only had to be built, it has to be maintained for as long as you want it to be livable. Ignore a small crack in the foundation or tiny leak in the roof, and pretty soon, you have major structural damage. It's the same way with pipes and wires and roads and bridges and schools and public buildings, rail lines and buses and on and on. We often take these things for granted. But we do so at our peril.

One of the small joys in a reporter's life is getting the behind-the-scenes look at such things. I have walked around advanced wastewater treatment plants to witness several types of helpful microorganisms in action, gotten tours of recycling sorting lines, walked through Boston's \$24.3 billion "Big Dig" when the Ted Williams Tunnel was under construction with steel from Baltimore's Sparrows Point. I have stood with highway construction crews as they spread, smoothed and compressed macadam from late at night until the early morning hours. And I toured Baltimore's subway extension when excavators were dealing with potentially dangerous pockets of gasoline in the groundwater, the legacy of leaky underground storage tanks.

It's unfortunate that President Joe Biden's \$2 trillion infrastructure investment plan has been reduced to the usual Washington sound bites with job creation on the one hand (which is what happens when you title a bill "The American Jobs Plan") and tax hikes on the other. Not to mention there continues to be a peculiar criticism from Republicans about what constitutes infrastructure as if only roads and bridges fit that bill. In reality, infrastructure represents the basic structural and organizational assets you need to operate a society. People need to be able to get to places (without causing a larger and more destructive carbon footprint), to have water and sewer, schools and so forth. Not everyone needs affordable housing or high-speed broadband, perhaps, but the broader community certainly does if the U.S. wants to promote equal opportunity and to compete within

the global economy.

Here's what is often missing from the debate — an acknowledgment that the United States is investing too little in public infrastructure and has been for many years. The U.S. ranks 13th in the world in overall infrastructure spending, according to a 2109 World Economic Forum review. The American Society of Civil Engineers rates it a C-minus, with especially bad grades for public parks, roads, schools, transit and wastewater. Critics may get hot and bothered by the thought of spending \$2 trillion over eight years, but it's on point with a \$20 trillion annual economy. In recent years, U.S. infrastructure investment has been around 2.3% of gross domestic product. In the booming economy of the 1950s, it was around 3%. There is, for lack of a better term, an infrastructure deficit every bit as real as the U.S. budget deficit, which hit the \$3 trillion mark in the last budget year.

What happens if that investment is not made? Nothing changes immediately. Everything just gets worse, some things gradually, others suddenly. Just like that leaking foundation, it's the combination of time and neglect that ultimately proves disastrous. The U.S. will continue to lose ground and other economies, including China, gain advantage. If we are not preparing for a future of electric cars, wind turbines and solar panels and taking steps to ameliorate climate change, if we fail to protect ourselves and our natural resources from harmful pollutants, if we do not address basic inequities within our society, we will bequeath to the next generation a major repair bill — or perhaps a substantially reduced quality of life.

It's fair to debate how best to pay for it as well as the specifics of what is spent where. But the way things are headed it appears this is a conversation strictly within the Democratic Party with 50 senators — and especially West Virginia's Joe "Swing Vote" Manchin — choosing the way forward through the budget reconciliation process while the other party would have Americans believe you never need pay for anything. Americans used to take pride in the societal foundations they built from the magnificence of the Hoover Dam to the glory of the Brooklyn Bridge. We ought to recapture that spirit by taking pride in the less scenic but just as important wonders of quality home care and reliable public transit.

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Ford would have pushed on car charging stations

When Henry Ford introduced the Model T in 1908, he had a problem. There were almost no paved roads in America. To sell his product to the masses, he needed good roads.

No one would ever deny his place among titans of American capitalism, but Ford was not shy about urging the government to supply the infrastructure essential to his business. And it did.

The Federal Aid Road Act of 1916 spent \$2.1 billion (in today's dollars) to help

states build modern roads. It survived a U.S. Supreme Court challenge claiming that the federal government should not pay for such things.

Fast-forward to the unfounded criticism that no more than 7 percent of President Joe Biden's \$2.3 trillion infrastructure plan goes to real infrastructure, defined as roads, bridges and ports. It comes from Russell Vought, director of former President Donald Trump's Office of Management and Budget.

Vought is, to put it politely, full of it. We're all for replacing worn-out bridges, but expanding access to high-speed broadband and strengthening the electric grid are infrastructure projects in the year 2021. And so, we would be helping our carmakers and truck-makers transition to electric vehicles.

That's where the world is going. Strong domestic demand for this technology would grow the U.S. EV car industry, which has been falling behind the rest of the industrial world in sales.

If electric vehicles are the future, China has been grabbing it. China is the world's largest market for EVs, accounting for 41 percent of global sales last year. And the United States? A paltry 2.4 percent.

A major theme of foreign policy prominent in the Biden infrastructure plan is helping America better compete with China in this area and elsewhere.

"We are one of the few major economies whose public investments in research and development have declined as a percent of GDP in the past 25 years," the White House fact sheet complains. China, meanwhile, now ranks No. 2 in the world in R&D spending.

And so, what is Biden's infrastructure plan doing about electric vehicles? Importantly, it addresses the big reason more Americans haven't been buying EVs in huge numbers: their understandable concern that they won't find places to charge their batteries. That's why it calls for building 500,000 charging stations by 2030. (There are currently only 100,000.)

The plan also includes incentives for buying electric vehicles. China offers such subsidies to its people, as does Europe. Note that the Trump administration tried to get rid of them altogether.

Electric vehicle charging stations are as essential to the prosperity of today's U.S. automakers as paved roads were to Henry Ford in 1908. Can anyone doubt that if Ford were with us today, he'd be on the talk shows banging the drums for Biden's plan to support his industry?

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