

The Economically Efficient Composition of Rural Transportation Investment

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If metropolitan America is to drive national prosperity, metropolitan areas will need a healthy and sustainable rural economy and culture. Likewise, if rural America is to flourish, it will surely depend upon vibrant, well-functioning cities and suburbs.

BRIAN DABSON, 2007*

* Brian Dabson, “Rural-Urban Interdependence: Why Metropolitan and Rural America Need Each Other,” the Brookings Institution, November 2007.

APPLICATION TO RURAL INFRASTRUCTURE

Secretary Perdue's Prepared Opening Statement on Rural Infrastructure

(WASHINGTON, D.C., March 14, 2018) — U.S. Secretary of Agriculture Sonny Perdue will testify before the [Senate Committee on Commerce, Science, and Transportation](#) at 10:00 a.m. ET today. **These are the Secretary's remarks submitted to the record. They are embargoed until the conclusion of the hearing.**

Statement
Release No. 0056.18

Contact: USDA Press
Email: press@oc.usda.gov

The Promise of Rural America

Good Morning Chairman Thune, Ranking Member Nelson, and distinguished Members of the U.S. Senate Committee on Commerce, Science, & Transportation. It is an honor to be with you today. I thank you for the opportunity to appear before you to provide comments on the rural component of the President's Rebuilding Infrastructure in America proposal.

Throughout his campaign and since he has been in office, the President has made rural American infrastructure a priority – for our economic growth and jobs. I will now share his vision because if we're going to "Do Right and Feed Everyone," we need to connect cash crops to markets, milk from the dairy farms to processors, timber to lumber mills, clean water to rural households, roads to schools, teachers to students, and patients to doctors.

With such investments in rural infrastructure, we will create jobs and unleash the full potential of the U.S. economy. Infrastructure is the key to economic success for more than two centuries. If we are to continue to prosper, it needs attention. Our Nation's productivity, prosperity, and hope



March 14, 2018

THE INFRASTRUCTURES

- Highways and Highway Bridges
- Freight Railroads
- Navigable Waterways
- Airports
- Water Supply and Wastewater Treatment
- Electric Utilities
- Telecommunications (with an Emphasis on Broadband)

HIGHWAYS AND HIGHWAY BRIDGES

<p>Market Imperfection(s):</p>	<p>Public Goods, with some few facilities, instead, constituting natural monopolies</p>
<p>Traditional Policy Treatment:</p>	<p>Primarily State Construction and Design, that relies on Federal and State Funds Derived through Excise Taxes on Motor Fuels</p>
<p>Forward-Looking Issues:</p>	<p>Alternative Funding (P3s ?), Vehicle Automation, Further Impacts of Information Technology on Commerce and Residential Locations, Truck Size & Weight Issues, Resource Extraction</p>



FREIGHT RAILROADS (CLASS I AND SHORT-LINE)

Market Imperfection(s):	Natural Monopoly*
Traditional Policy Treatment:	Primarily Federal Economic Regulation of Privately Supplied Infrastructure and Operations, Little Public-Sector Investment
Forward-Looking Issues:	Reduced Reliance on Steam Coal, Automated Vehicles, Long-Range Trade Policies, Increased Role of Short-Line Railroads

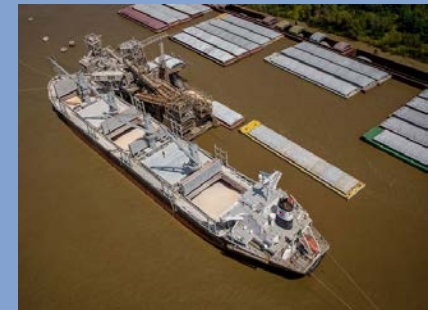
*In some, but nearly all rail-served markets



INLAND NAVIGABLE WATERWAYS

Market Imperfection(s):	Natural Monopoly, Multipurpose Public Good*
Traditional Policy Treatment:	Federal Infrastructure Construction and Ownership through Combined Federal-User Funding, Federal O&M, Private Commercial and Recreational Users
Forward-Looking Issues:	Infrastructure Age and Reliability, Replacement Costs and Inadequate Funding, Stagnant or declining (coal) traffic, Significant Ag Dependence

*The same infrastructures also support flood control, irrigation, hydroelectric generation, municipal water supply, and recreation.



(GENERAL) AVIATION

Market Imperfection(s):	Network Externality
Traditional Policy Treatment:	FAA-Governed Federal Subsidies of GA Airport Infrastructure Construction and Improvements (Runways, Taxiways, Towers, Nav Aids.)
Forward-Looking Issues:	Potential Privatization of Air Traffic Control, Reduced Subsidies, Substitution of UAVs for manned aircraft





Coahoma County, Mississippi
Former Intersection of U.S. 61 and U.S. 49

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