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Intelligence Squared U.S.

Raise the federal gas tax to fund infrastructure

For the Motion: Shailen Bhatt, Alison Premo Black
Against the Motion: Adrian Moore, Stephen Moore
Moderator: John Donovan

AUDIENCE RESULTS

Before the debate:

51% FOR

10% AGAINST

38% UNDECIDED

After the debate:

66% FOR

23% AGAINST

10% UNDECIDED

*percentages are rounded

Start Time: (18:47:35)

John Donovan:

So, please welcome to the stage Bob Rosenkranz.

[applause]

Hey, Bob.

Robert Rosenkranz:

Hi, John.

John Donovan:

Bob, I'm not sure a lot of people know that you had an early career out of college. You were an economist and a tax lawyer.

Robert Rosenkranz:

That's right.

John Donovan:

We were chatting before, since we're talking about the fact that America's highway infrastructure is largely funded through a federal gas tax -- we're talking about that tax and whether it's the right way to solve -- to fill the potholes. We were talking about

what makes for a kind of a perfect tax. And you said, theoretically, this one comes pretty close.

Robert Rosenkranz:

Yeah. The reason is because the gas tax is just reasonably close to a user tax. It's a fee for using the service. And that is almost the least distorting tax you could have, economically, is something that -- where the people who are using it are paying for it.

18:48:34

There's no possibility of doing that, let's say, for national defense or national security. But there is a possibility, in something like highway travel, to have a rough -- you know, a rough correspondence between the people who are paying for it in the way of gas taxes and tolls, and the people who are using it.

John Donovan:

And why do economists like that idea in theory?

Robert Rosenkranz:

In theory, because it is -- it's not distorting. You're paying for the cost of the service or goods that you are consuming. I mean, everybody likes government expenditures that confer benefits on them that they don't have to pay for.

John Donovan:

[affirmative]

Robert Rosenkranz:

So, that's kind of an economically distorting kind of behavior, or could be. Whereas if you pay for something you are actually consuming or actually using, that's, in effect, a pure economic transaction.

John Donovan:

And is that the same thing as saying that a tax on gasoline is actually a fair tax, that it's fair to everyone?

Robert Rosenkranz:

Well, it's efficient. I think it's saying it's efficient.

18:49:35

It's not necessarily saying it's fair. People's notion of fairness in taxes frequently includes the idea of progressivity, that rich people should pay more. Gas taxes actually fall much more on people with low incomes, who are spending a much bigger percentage of their incomes on filling up their tanks.

John Donovan:

That's -- but that's assuming that while poor, that they actually still can afford a car. And that's sort of a questionable area as well.

Robert Rosenkranz:

Yeah. Exactly. But it certainly -- I'd say, in general, a gas tax is regressive. I think most economists would agree on that.

John Donovan:

We -- just before you came out, I asked this audience of New Yorkers -- and I think people outside New York don't know this very much -- but people in New York tend not to own cars. And often tend not even to get driver's licenses for their entire lives. I just wanted a show of hands, again, of how many people actually own a car. Well, that -- I guess it's about half.

18:50:37

That's impressive for New York.

[laughter]

So, we do have an expert audience here. And we have some expert debaters on this stage. And let's welcome them. And again, thanks, Bob Rosenkranz, for all of this.

[applause]

And a round of applause for --

[applause]

John Donovan:

Here is something that most of us who drive cars probably rarely think about or may not even know about.

18:51:38

And it's the fact that when we buy gasoline we are, at the same time, buying a piece of highway construction or highway repair because there is a tax, a federal tax, on gasoline, and it's from that tax that the federal government draws the majority of the funds it uses when it sets out on its mission of repairing our roads and keeping our highways and bridges in tiptop shape --at least in theory. I say, "in theory," because we all know if we've been on the roads lately that they are not in very good condition, that they are full of potholes. And when I point out that this tax has not been raised in 20

years, it seems the question becomes, "Well, is it time to raise it or is there some better way to restore to our roads the smooth driving experience that many of us consider almost part of the American dream?" Well, that sounds like the makings of a debate.

18:52:33

So let's have it, "Yes," or, "No," to this motion, "Raise The Federal Gas Tax To Fund Infrastructure," a debate from Intelligence Squared U.S. I'm John Donovan. We are at the Kaufman Music Center in New York City with four superbly qualified debaters on the stage who will argue for and against the motion, "Raise The Federal Gas Tax To Fund Infrastructure." As always, our debate goes in three rounds. And then our live audience here in New York votes to choose the winner, and only one side wins. Our motion, again, "Raise The Federal Gas Tax To Fund Infrastructure." Let's please welcome the team arguing for the motion. Let's welcome Shailen Bhatt.

[applause]

Shailen, you are the executive director of the Colorado Department of Transportation. Prior to this, you worked in Delaware's Department of Transportation. You served also at the Federal Highway Administration before you went out to Colorado.

18:53:34

The American Society of Civil Engineers Infrastructure Report Card gave Colorado, where you now are in charge -- they gave Colorado's bridges a C- grade. It gave its roads a D. It gave its mass transit a D+. We're just curious, what does a bridge -- looks like that is an A? What's an A bridge?

Shailen Bhatt:

An A bridge is one that has a solid foundation, nice shoulders, preferably a Libra, and enjoys long walks on the beach.

[laughter]

And since we're in Jersey, a nice A bridge should not be turned off by political consideration.

[laughter]

John Donovan:

Well, we're in Manhattan, but Jersey's a stone's throw away.

Shailen Bhatt:

Close to New Jersey, excuse me.

[laughter]

John Donovan:

Ladies and gentlemen, Shailen Bhatt. And, Shailen, can you tell us who your partner is?

Shailen Bhatt:

Yes. This is a great partner in transportation for us, Alison Black.

John Donovan:

Ladies and gentlemen, Alison Black.

[applause]

Alison, you're also an expert coming from a different direction.

18:54:38

You are a senior vice president and chief economist at the American Road & Transportation Builders Association. The members of that organization are the people who design and build and maintain the nation's transportation network. You have been working on bridges and roads for 15 years. And you have led I have here more than 75 studies on transportation funding. So when you're out on the road, out on a road trip with your family, does that feel like a vacation or does it just feel like more work going on?

Alison Black:

Oh...

[laughter]

Well, you know, I'm probably one of the few people that actually gets excited when we come up to a construction work zone.

[laughter]

I love seeing the orange barrels. That's progress. But I don't know that my husband and my four kids would agree with that, so...

John Donovan:

Well, we'll have to see what they say after they hear the debate itself. Ladies and gentlemen, the team arguing for the motion.

[applause]

And that motion, again, is "Raise The Federal Gas Tax To Fund Infrastructure." We have two debaters arguing against it. Please let's welcome Adrian Moore.

18:55:40

[applause]

Adrian, you are vice president of policy at the research -- at the Reason Foundation. You served on Congress's National Surface Transportation Infrastructure Financing Commission. You've also worked in California's Public Infrastructure Advisory Commission. You were the commissioner, a long term resident of California more than 50 years, but not long ago you moved to Florida. And we're just curious, how does the infrastructure in Florida differ from California's?

Adrian Moore:

Well, let's just say I can drink out of my travel cup without going to the drycleaner afterward.

[laughter]

John Donovan:

In Florida?

Adrian Moore:

Yes.

John Donovan:

It's a smoother ride in Florida?

Adrian Moore:

Much, much, much.

John Donovan:

They're going to be glad to hear that in Florida. Ladies and gentlemen, Adrian Moore.

[applause]

And, Adrian Moore, your partner is?

Adrian Moore:

My -- not my cousin, but still awesome, Steve Moore.

John Donovan:

Stephen Moore, ladies and gentlemen.

18:56:35

[applause]

Stephen, you are also arguing against the motion, Raise the Federal Gas Tax to Fund Infrastructure. The second time you've debated with Intelligence Squared. Welcome back. You are a Fox News contributor. You are the distinguished visiting fellow for the Heritage Foundation's Project for Economic Growth. Prior to that, you wrote about the economy and public policy for the Wall Street Journal, where you are on the editorial board. Now, you have said that both parties have an appetite for spending when it comes to infrastructure. But is one party worse than the other, asked the naive moderator to the Fox News contributor?

[laughter]

Stephen Moore:

Well, that's a good question. Right now I'd probably say no. I mean, you probably have all heard that there's a big budget deal that was just hatched yesterday that just massively increases spending across the board. Some of you may be surprised that Republicans would agree to this. They're supposed to be the fiscally conservative party. But I've always said the reason I know the Republicans are the pro-life party is they always find themselves in the fetal position.

[laughter]

And that's true on -- now more than ever before.

18:57:39

[laughter]

John Donovan:

Ladies and gentlemen, Stephen Moore with a surprise answer.

[applause]

Again, our motion is Raise the Federal Gas Tax to Fund Infrastructure. And this is a debate on that motion. And that means it is a contest. One side will win and one side will lose. And that determination will be made by you, our live audience here in New York City. By the time the debate has ended, you will have been asked to vote twice, once before and once after you've heard the arguments. And the team whose numbers move the most in percentage point terms between those two votes will be declared our winner. So, let's have the preliminary vote. If you go to those keypads at your seat,

take a look at the motion. Raise the Federal Gas Tax to Fund Infrastructure. Push Number 1 if you are in support of this motion. Number 2 if you are against it. And Number 3 if you are undecided. You can ignore the other keys. They are not live.

18:58:34

And if you accidentally push the wrong button, just correct yourself and the system will log in your last vote. And the way this works -- this is a new device for us -- you hold down the button until you see the light comes on that confirms that your vote number has registered. It should be a matter of two or three seconds for that to work. It looks like everybody has completed that. Great. Okay. So, we're going to move on. And remember how you voted now. I'll say it one more time -- that for us, victory is the team whose numbers change the most in percentage point terms between the first and the second vote. So, we all have a -- don't forget how you voted. Our motion is this: Raise the Federal Gas Tax to Fund Infrastructure. We are moving into Round 1. Round 1, opening statements by each debater in turn. Those statements are uninterrupted, and they will last for seven minutes. Making his way now to the lectern to argue in support of this motion, I want to welcome again, Shailen Bhatt. He is -- sorry, I lost my page here -- Shailen Bhatt.

18:59:43

He is the Executive Director for the Colorado Department of Transportation. Before this, he led the Department of -- Delaware's Department of Transportation and served at the Federal Highway Commission. Please welcome, ladies and gentlemen, Shailen Bhatt.

[applause]

Shailen Bhatt:

So, thank you very much. I appreciate all of you being here. And I want to thank the organizers for having this debate. Not just because it's an important issue, but because my wife gave birth to our second daughter about 10 weeks ago, and that was the best night of sleep I've had in a long time last night here in New York.

[laughter]

So, I will be asking for your support, along with Alison, for raising the gas tax by 10 cents. Now, in full disclosure, I want to admit that I prefer to pay less for gas. All right? I recognize that this initiative, while important, is not necessarily very popular. So I was trying to think back in my mind, when have I had to advocate for something that was important to me but not very popular?

19:00:40

And I go back to 1992, when I needed a date for prom, right?

[laughter]

Very important to me, not very popular. I hope I have more success here tonight.

[laughter]

So, what else happened in 1992? It was the last time that the federal gas tax had been raised. Now, if the gas tax had been indexed back in 1992 to inflation, just like many other things are, right, it would be about 10 cents higher today. But because of political inability to take a tough vote on this issue, right, the gas tax has remained where it has been. So, think about that, though? That 1992 dollar, its purchasing power has been cut more than in half. So, a dollar today from 1992 is worth about 40 cents, right? So, a skeptic of -- skeptics of government often say, "Well, why can't government be more like business?" Well, what business is out there taking in 1992 dollars in revenue and paying out 2015 dollars.

19:01:34

Could you pay your expenses right now on what you were making in 1992, inflation adjusted? And other folks will say, well, you know, there are more cars on the road, and they're burning more gas. Well, cars today are much more fuel efficient. Some cars don't even use any gas. So -- and more cars and trucks will mean more wear and tear on our highways. So the right thing to do is just to raise it, just like the cost of everything else has gone up. And as state DOTs, we are very focused on doing more with less and stretching those dollars further and further. In fact, if you look at state DOTs now, the vast majority of them have moved from expanding the system, even in our places that still need capacity, to maintaining the assets that we have, right? These are big, important systems, and we need to maintain them. Unfortunately -- and in Colorado, all of -- almost all of the money that we get goes to system preservation. We're not expanding the system right now. But the money that we're putting into that system does not equal a system that is improving. It's actually declining, and it's hard. It's a tough decision to say, let that bridge, or let that road go.

19:02:34

It's not a good way to run a business. And government skeptics say things like, you know, why can't you do more with less? Why can't you be more efficient? I would argue we are doing more with less. We're doing a lot more with less. You know, we have changed, we have shrunk our agencies. We have changed the techniques and technologies we have used to extend the life of our roads. We repair bridges now in a weekend instead of taking months to do that, right? But even though our systems are

not expanding, the demands are growing ever more. You know, I was talking to one of our, you know, people on the other side earlier, and they said they lived in MacLaine, Virginia. If you think about MacLaine, Virginia, right, it has grown up with lots of subdivisions. People want signals. They want new lanes. A new signal can cost \$100,000 up front, and then it must be maintained seven days a week, 365 days a year, right? So we can't keep doing more with less. In we don't raise the federal gas tax, we're going to have to do less with less. And that means the system is going to suffer. But it's not just about maintaining our system.

19:03:31

You know, Colorado is going through an economic boom right now, thanks to Governor Hickenlooper. And, you know, but our interstate system is causing us to choke on that growth. So the interstate system was designed in the 1960s in Colorado for a population of the 1980s that they thought would be about 3.3 million. We're at 5 1/2 million people today. We're going to 8 million people in the next 20 years. Where are all those cars and drivers going to go, right? Are they going to sit on that existing system? So in Colorado right now, hundreds of thousands of motorists lose 40 hours a year out of their life sitting in congestion. Now, we have one project that's ready to go, just like there are projects across the country that could go, but for a lack of funding. And that project is to widen I-25. It'll save lives, it'll reduce congestion. And that project will -- at current funding levels, we'll get to that project in 2070. That means an entire generation of people will be born and likely die before we widen that roadway, right? That's not a good way to run a system. And it's not just about roadways. So here on the north -- in the northeast where I used to work, I worked on the Northeast Corridor Commission.

19:04:36

This is the -- the trains that run from Washington, D.C. to Boston. And to call that system antiquated would be polite, right? There's a tunnel in Baltimore that was built in the 1870s. Trains have to go through it at 30 miles an hour. There's -- there's a -- there's a major bridge that takes 30 men and women to open by hand. That doesn't sound terribly efficient. The Bridge on the River Kwai was more modern, right? We desperately need a new tunnel underneath the Hudson to relieve train congestion here in New York. And people say, well, let the states pay for it. It's \$10 billion. New Jersey says, "We can't afford it. Let New York pay for it." New York says, "We can't afford \$10 billion." That's why you need a properly funded federal system. This has profound impacts on our country. I am the son of immigrants. And I can remember people talking about moving to this country because they thought that the streets were paved with gold, right? And our transportation system used to be the envy of the world, up until a very recent time.

19:05:34

But in a very short period of time, it has changed dramatically. Now, many of you have probably flown internationally, right? If you fly into Newark or LAX from Mumbai, Dubai, Shanghai, right, are you flying into an airport that shouts, American primacy? Or are you thinking that the infrastructure I left was actually kind of nicer than the one we have here? And that has profound impacts for our country. And it's something we need to consider when we think about, well that's tough -- it's a tough vote to take. We used to be able to build great things in this country. But in the last few years, this partisan politics has frozen our ability to raise the gas tax or do much of anything. You know, but to those who say that this is a partisan issue, you know, transportation used to be a bipartisan rallying cry. Even Libertarians could point to the words of Adam Smith who said, in "The Wealth of Nations," that infrastructure was one of the few things that governments should invest in. Ronald Reagan, the patron saint of the Republican Party, raised the gas tax. And he said, in 1982, "We simply cannot allow this magnificent system to deteriorate beyond repair.

19:06:35

The bridges and haze we fail to repair today will have to be rebuilt tomorrow at many times the cost." It was true in '82, and it's true today. But I would close with the words of Adrian Moore, who is across the stage tonight, who, after participating in that commission which recommended a 10-state gas tax increase, in 2009, said, "I'm not excited about a gas tax increase, but the reality is, our current gas tax doesn't pay for the upkeep of the system. We can either let the roads go to hell, or we can pay more in gas tax." So join me, join Alison, and join Adrian. Thank you.

[applause]

John Donovan:

Thank you, Shailen Bhatt. And our motion is, "Raise the Federal Gas Tax to Fund Infrastructure." And here to make his opening statement against the motion, I want to welcome to the lecturn Stephen Moore, distinguished visiting fellow for the Heritage Foundation's Project for Economic Growth and Fox News contributor. Ladies and gentlemen, Stephen Moore.

Stephen Moore:

Thank you.

[applause]

Stephen Moore:

Well, thanks a lot. I didn't know it was three against one --

[laughter]

-- but it's great to be here. Look, I am pro roads.

19:07:40

I am pro bridges, I am pro highways, I am pro electric grid, I am pro infrastructure, I'm pro cars, and I'm pro growth. So I don't think there's any of us who would disagree. We do need a renovation, a modernization of our transportation system in this country. There's no question about it. I think we would all agree with that. The question is really how best do we fund that. And I would make the argument that instead of raising the gas -- federal gasoline tax -- we should, we should reduce the federal gasoline tax. And what we ought to do is use the -- lower the federal gasoline tax from 18 cents a gallon to somewhere in the neighborhood of 5 cents a gallon to pay for the interstate highway. But look, there's -- you're exactly right. There's 42,000 miles of interstate highways in this country. It's one of the great triumphs of our country. But you know what? The interstate highway system was completed many, many, many years ago. It was completed in the mid-1980s.

19:08:35

Now it's basically a system that just needs to be kept up. We need to continue to fix potholes and so on. But that's a lot cheaper than it is to build the system in the first place. So what I'm going to do is devote about 5 cents of federal gasoline tax to modernizing our interstate highway system. And the rest of the money, reduce the federal gasoline tax and let every state raise its gas tax as is appropriate. So in Colorado, you could raise your gas tax to pay for your roads. In Illinois, my home state, we -- we pay for the projects that we want to. And this gets to the point that Robert -- that Bob Rosenkranz made, which is that the gas tax is -- I agree with him. It's an efficient tax. It's not as efficient as we would like. There's probably better ways now to finance -- finance roads than the gas tax, but it's a pretty good user fee system. But it's not a very good user fee system if I have to pay a gas tax living in Virginia to pay for roads and transit projects and other things in California.

19:09:34

It doesn't make sense. The people in California should pay for those. And that's what I would -- would favor. And by the way, many states, it is true that the federal gasoline tax has not been raised in many, many years, but states do raise their gas tax as voters demand better roads and so on. By the way, there are also times when voters say we don't want to raise the gas tax. So in Michigan, for example, there was a major -- a referendum about 18 months ago where they were going to raise the gas tax for roads and other projects. And it was -- it was defeated 80-20. The voters said no, we don't want to pay higher gas taxes. Gas taxes come right out of the pocketbook of Americans. And every time you raise the federal gasoline tax by 1 penny, it takes a billion dollars, \$1

million out of pockets of consumers. So I would say that there's a couple of other inefficiencies with the federal gas tax, that if we get rid of these inefficiencies, we wouldn't have to raise the gas tax at all. For -- the most important one that we need to -- the most problem we need to readdress right now is that when you pay your federal gasoline tax, many of you are probably not aware of this, but only about 75 cents of every dollar you pay in federal gasoline taxes goes to paying for roads and bridges and highways.

19:10:47

Wow. That's a small -- what happens to the other 25 cents, right? And the answer is, the other 25 cents goes to other types of systems that have nothing to do with roads and bridges and highways that people use -- use the highway system. So a big percentage of that goes to transit projects. Now, look, you have transit. New York City is one of the few places in America where actually transit probably does make sense. I'm from Washington, D.C. where transit makes sense. But most -- most other industries, transit is extraordinarily inefficient. More people in this country walk to work than use transit. So it's not a very good system of transporting people from one destination to another. And even if it is, the people who use the transit system should pay for the transit through the fees that they pay and the -- the costs of riding the system. There's certainly no reason why somebody who's driving their car should have to pay for people who use transit.

19:11:35

And if we do that -- and, by the way, there's also a lot of this money that gets intercepted by just ridiculous projects. I mean, I live in Virginia where we built a -- an extension of our transit project out to Dulles Airport. I don't know many -- how you get out there. It is probably the most absurd transportation project in American history. Nobody's riding it. It cost \$6 billion. For one tenth of the cost, we could have built just one more lane of highway and we could have gotten rid of all the congestion problems. You also have things like the California train to nowhere that probably many of you are aware of. It's a \$70 billion project. Very few people are going to ride this train. It's paid for with federal money, and there's no way California would have ever paid for it if the people who -- in California had to pay for it themselves. But they said, "Yeah, let's build this because we're going to get money from other states." Those are inefficiencies. And when I'm -- what I was telling you is that if we simply devoted every single penny of federal gasoline tax at 18 cents a gallon to building roads, we wouldn't have a problem -- we wouldn't have any of the problems that you just heard about. That's all we have to do.

19:12:36

And this gets to the user pays idea. People who use roads should pay for them, and

they should pay for them through the federal gasoline tax, but people who are using the roads shouldn't have to pay for other things that they're not using. One of the things that you brought up was efficiency. And I just did a big study comparing Texas and California and the way that they spend money. And it turns out there is actually massive inefficiency in the way roads or bridges -- roads are built in this country. And it has to do a lot of -- with, you know, labor laws, environmental laws, and things like that. But let me just give you an example. So in Texas it costs about \$100,000 per mile to build or repair a road, \$100,000 a mile. In California, where you were from, it costs 250,000 to \$300,000. It costs two to three times more to build a mile of highway. So I would submit to you there are a lot of ways to sweat out inefficiencies and cost excesses, and it would be more likely to happen if states had to pay for it themselves than if they got federal money.

19:13:37

There's one other bugaboo out there that needs to be addressed, and that is if we were to repeal something called the Davis-Bacon Act -- which is a law that requires kind of a super minimum wage that's paid on roads projects, it's essentially a law that benefits the unions. If we were to simply allow these projects to be competitively bid, we could substantially reduce the cost of federal road building. And if we did that -- let me put it very simply -- if we simply get rid of Davis-Bacon Act, for every four bridges that we build now, we get a fifth one for free. We get a fifth one for free. For every highways we build, for every four roads that we build, we get a fifth one for free. Why wouldn't we want to do that? And before we do things like raise people's taxes, why don't we do things like repeal the Davis-Bacon Act that will make roads more efficient? And, finally, we are moving into a new age of transportation, and that new age is going to involve things like the Google car, and it's going to involve things like tolling and things like that that are going to make, and, in my opinion, the gas tax obsolete.

19:14:38

It's not --

John Donovan:

Stephen Moore, I'm sorry, your time is up.

Stephen Moore:

-- it's not going to be a good way to fund roads any longer. So thank you very much.

John Donovan:

Thank you, Stephen Moore.

[applause]

A reminder of what's going on, we are halfway through the opening round of this Intelligence Squared U.S. Debate where our motion is, "Raise the Federal Gas Tax to Fund Infrastructure." I'm John Donvan. We have four debaters, two teams of two arguing for and against. You have heard the first two opening statements, and now on to the third. Debating for the motion, "Raise the Federal Gas Tax to Fund Infrastructure," I'd like to welcome Alison Black, senior vice president and chief economist for the American Road & Transportation Builders Association. Ladies and gentlemen, Alison Black.

[applause]

Alison Black:

Thank you very much. I think if we're going to have a debate about raising the federal gas tax and asking the users to pay more, we also have to talk about the benefits that they'll get from that increase in investment in our highway and bridge program as well as the challenges we're going to face as a country if we do not make those needed investments.

19:15:41

So raising the federal gas tax means increasing investment to repair and reconstruct the highways and bridges that are the backbone of our economy. It also means increasing investment in transit which provides mobility choices to millions of Americans every day and also gets cars off of our congested roadways. It also means raising -- or increasing employment and economic output in every state as well as most importantly we're also talking about saving lives. Roadway conditions are a factor in about a third of all highway fatalities in this country. And when we make investments to improve our roads and bridges, we significantly can help reduce that number. So I want to talk tonight about how the National Transportation System is the foundation of our economy and why federal investment is so important to that, and how the federal gas tax is also a sustainable source of revenue over the next 10 to 20 years.

19:16:40

And when we're talking about investing in our federal highway system, these are the roads and bridges that are key to our national economy. We're not talking about filling a pothole in your neighborhood street. This is investment that has to go towards our interstate highway system, our national highway system, the roads that connect our airports, our ports, and those highways that make just-in-time delivery possible. So, these are the major roads. And just to give you an idea of how important that national system is to our entire economy, over half of all the sea-borne cargo in the United States comes through two ports: the port of Los Angeles and the port of Long Beach. Now, about 23 percent of those goods are going to stay in Southern California. But the rest of them are shipped to every state in the country. They go by rail. They also go by

truck. And in this country, over 70 percent of all our freight is shipped by truck, so that national system is absolutely essential to getting goods and services across our country into the economy that we have.

19:17:47

The federal program is extremely important as well, because it ensure that states are making investments in that national system. Twenty-five percent of the roads in this country are eligible for federal aid for the program that we're talking about that's supported by the federal gas tax. But those roads carry 85 percent of our total traffic. And in terms of how states are spending their money, the Government Accountability Office did a study last year, where they looked at state program spending of their federal dollars. Ninety percent of the money was going towards capital outlays and safety improvements. And capital outlays are construction, right of way, and engineering. So, states are making significant investments. And they get to choose which projects -- where their money is going. The federal gas tax is also a sustainable revenue source over the next 10 to 20 years.

19:18:40

Now, total volume of traffic in this country is going to be growing by about 1 percent a year. That's the forecast from the U.S. Energy Information Administration. Now, while cars are becoming more fuel-efficient, overall, what matters for the federal gas tax and the money raised is the total volume of fuel that we're consuming in this country. So, even though cars are becoming more fuel efficient, people are driving more. So, those two things are going to offset each other. And the forecast is that our fuel consumption, while it is going down, it's by about half a percent to 1 percent a year. So, that is a very manageable small change. We're not going see wild swings in fuel consumption because of more fuel efficient cars, even though our fleet is turning over gradually. When you look at state spending on all of those capital outlays I mentioned, which, again, construction, right of way, and engineering -- federal money accounts for, on average, 52 percent of that spending.

19:19:45

The federal aid program is absolutely crucial to what is actually getting designed, what is getting built, and all those right of way purchases to make those roads and those widening projects happen. And in some states, it is as high as 80 percent. And we have done the work where we look at those audited statements in the state budgets. Some states take their federal money -- which, there's an 80/20 match. They match it, and that is their entire capital program. Even states like California and Texas, that we're talking about tonight -- and again, we have done these reports. Nearly half of all the construction spending in those states, for highways and bridges, comes from the federal

aid program. And you think about how important those states are to our economy. That federal investment is key.

19:20:33

And right now, this is -- and that's why the structure of the federal program is so important, because states have to invest money on those key corridors that are part of that national economy -- those roads that are carrying 85 percent of our traffic, that are getting goods from the port of LA or Seattle, or New York, to all the store shelves where we go to buy the latest gadgets. And we are in danger. If we do not raise the federal gas tax, we are not investing enough -- as my partner describes. And we are going to leave a system for future generations that is an economic drag, that's not fair. We've inherited a great system. And we owe it to our children and the next generation that we make the investments, and that we pay for them -- that we're not bonding and using debt, and we're using a straightforward way, increasing the user fee to pay for the system.

And I would also add that people really value their mobility in this country. We did some polling last year. They were not asking the right questions.

19:21:40

It's not, "Do you want to pay more in a gas tax?" It's "what are the benefits? What are you getting out of that investment?" And we found that 75 to 80 percent of Americans told us that they value their mobility and their transportation system as much as their cell phone, their internet, their electricity, things that we use every day and that we just can't imagine living without. But there's a disconnect for folks understanding exactly what they pay for it. And for that reason, and many others as we've described, we urge you to support raising the gas tax so we can make those needed investments to help support our economy.

John Donovan:

Thank you, Alison Black.

[applause]

John Donovan:

The motion is, Raise the Federal Gas Tax to Fund Infrastructure. And here, our final debater in this opening round, speaking against the motion, Adrian Moore. He is vice president of policy at the Reason Foundation. Ladies and gentlemen. Adrian Moore.

19:22:36

[applause]

Adrian Moore:

Well, I, too, thank all of you for coming out. We really appreciate it. I got to start with Shailen's quote. I am often asked in these interviews to say, "Well, what does the other side say?" And that quote was exactly what it said. "What does the other side say?" I say "They say you either raise taxes or you let the roads go to hell." So it wasn't actually a quote from me, but I have never advocated that solution. [laughs] But, you know, look, the one thing we all agree on is that this infrastructure is crucial. It's economically indisputable that it's central to -- to our economy. I mean, if -- if it wasn't for transportation, we would all be making our own clothes, growing our own food. You know, it'd be subsistence living, right? So transportation is crucial. The debate here is, is the best way to fund the transportation we need in the future to just simply tax people for more money to go into the existing system or is it to figure out if we're making the best use of the money?

19:23:41

And really, what Steve and I are arguing is that we think there's a lot that can be done with the money that's already being taxed before we have to raise those taxes. You know, we all -- look there's a lot of poster children for this problem. The bridge to nowhere probably being the single most famous one. You know, when you -- the -- when the system of allocating money is politicized, you will inevitably get money spent on projects that don't make a wit of sense. And that's not what happens to most of the money, but it only takes a little bit of that before people start to question the legitimacy of the money that's already there, let alone the legitimacy of giving more money into a system that builds bridge to nowhere. There is a -- a fundamental question, I think, of, are we getting the bang for the buck that we should be getting from these systems?

19:24:34

And I think it's also important to realize how much our priority for transportation has changed. If you look at state budgets from the 1960s, you'll see not only were they collecting gas taxes and were there federal gas taxes being spent to build the interstate system still in the '60s, but still under construction, but large chunks in every state of general fund revenues went to transportation. At that point in time, states were funding far fewer things, and transportation was considered very important. That's long gone. Starting about 25 years ago, states basically eliminated most of their general fund spending on transportation and started relying more and more on the federal government to give them the money for their local and state projects rather than funding it themselves. Which is more of a problem today because so much of what we need now that the interstate system is largely built out, is new projects that are primarily state and local in nature.

19:25:36

Steve mentioned this as well. They may carry some interstate traffic, but on every interstate in America, most of the traffic is local. Most of the benefits of any new project are local, and the side benefits are -- are the national trade, the truck traffic that moves the cargo around the country. So why shouldn't the funding of those projects be at least predominantly local? It's not entirely local for a great many of these projects. The notion that it's easy to lobby the federal government to raise its gas tax and get the free money from Washington than it is to convince your own citizens to vote yes to on a gas tax has really taken over in a lot of states. And it engenders a culture of, why don't we have other people pay for the things that we need? There's a lot of ways to get more bang for the buck.

You know, Steve just gave the California-Texas example, which there is sort of like a cottage industry of comparing California and Texas in lots of things.

19:26:40

Having lived in California, I saw a lot of that. But just across the board, if you look at how much it costs each of the 50 states to maintain and build roads, there is it a huge spread where you've got the least efficient states are spending orders four or five, six times as much as the most efficient states. And the least efficient states are not trying to figure out what they're doing wrong. They're not -- they just want more money. They're not trying to figure out how -- how can we build roads for the same price that the 10 most efficient states are? There's none of that going on. And I publish a report every year that makes that comparison. And I ask the bottom 10 states, are you going to try to move into the top 10? And they just say, "No, your report's bogus because you can't compare states." So, you know, on it goes. There are many ways, though, to get more bang for the buck. We see in Europe and Asia wide use of tolling and public-private partnerships to sort of back-fill the user pays principle that the gas tax served so well for so long.

19:27:42

It's -- it's -- there are ways of building more with the existing revenue that we don't seem to want to touch very much in this country. Now, I will say Colorado relatively, in the top handful of states in terms of using those kind of tools. But the vast majority of states don't use those tools and therefore spend a lot more than they need to because it's easier to ask you for more money than it is to get more efficient.

And finally, I think there's too much funding of things that people don't use. And there's a lot of ways to slice this, and I don't want to get into all of it right now. But you know, there's -- there are real fairness issues. You know, a Prius uses exactly the same amount of road to do a 25-mile-a-day commute as a Lincoln Town car does. But a Lincoln Town

car is paying many multiples more in gas tax than that Prius is, but not getting any more benefit from it.

19:28:38

So while there's many great things about Prius and electric cars, there is a problem that they are not paying for the roads that they're using with a gas tax system. And as that technology continues to advance, and as all of our cars get more fuel efficient, all of us are going to be paying less for using more roads that are more expensive to build. And that's not a sustainable system. We should be focusing more on the performance of the projects we build, not the political popularity of the projects we build, which tends to drive a lot of the allocation of resources, especially in Congress at the federal level, not so much at the state level where things are a little closer to the road, so to speak. And Steve mentioned the disparate problem of transit spending. I can't break that all down, but let's just say that the bottom -- the 20 percent poorest population in the U.S. is much more -- many more of them get to work by bumming a ride from a friend who has a car than by riding transit.

19:29:39

People in New York don't realize what an aberration New York is in terms of public transit --

John Donovan:
And at that --

Adrian Moore:
-- to the rest of the country.

John Donovan:
At that, Adrian Moore, I'm afraid I have to stop you. You're out of time. Thank you, Adrian Moore. And that concludes round one of this Intelligence Squared U.S. debate where our motion is Raise the Federal Gas Tax to Fund Infrastructure.

Now we move on to round two. Round two are where the debaters address one another directly and take questions from me and from you, our live audience here at the Kaufman Music Center in New York. Our motion is this: Raise the Federal Gas Tax to Fund Infrastructure. The team arguing for the motion, Shailen Bhatt and Alison Black have made the case that transportation in this country is a public good, that the massive interstate highway system is absolutely the life blood of our economy and that if left to rot, the harm would come to everyone.

19:30:33

They say that the solution to this problem cannot be left to the states, that they cannot do it on their own and that, by the way, the states are already doing more with less, which is the hand that they are dealt. They say that we are in danger of creating an economic drag on the next generation if we don't face up to the fact that the gasoline tax needs to be raised, they proposed 10 cents a gallon, which would bring it up to 28.4 cents per gallon. The team arguing against the motion, the two Moores, Stephen Moore and Adrian Moore, they concede that the roads are critical to our economy. They concede that the roads are not in very good shape, but they say the problem needs to be solved locally, that infrastructure is primarily a local issue, that the interstate highway system is largely built, only costs about a penny a gallon of gas at present rates to keep it maintained. But basically, they say that the gas tax is a tax that does not provide bang for the buck. That it's full of -- it's rife with inefficiencies, naming, for example, the fact that --

there's a huge spread from state to state in what it costs to actually build and maintain roads.

19:31:36

That's indication of inefficiency. They say there are other solutions like tollbooths and doing something about the unions. I want to go to the team that's arguing against the motion, again, "Raising the Federal Gas Tax to Fund Infrastructure," and we have a little bit of a philosophical argument. We also have some economic arguments that are made and some nuts and bolts arguments. But I want to go to the philosophical argument first, which is this matter of whether the highways in Seattle should be paid for by people who live in Florida and vice versa. You're arguing, "No," by saying that the local people, the main users of these roads should be the ones who pay for them and that the nation shouldn't be paying for the roads in Seattle. People in Seattle should be paying for them. I want to ask you this. Why are the roads different from defense, where there's a common good in that sense? Why break Seattle off from Florida? Why is -- why is it a different problem from that of defense, for example? Let's take Stephen Moore.

Stephen Moore:

Well, you know, I don't actually see the similarity. I don't think there's any argument among any of us that if you're talking about the interstate highway system that connects us all, that should be paid for with federal dollars because it is a national project.

19:32:47

What we're talking about is most of the money that's now collected in the federal gasoline tax -- which is why it should be largely repealed and turned back to the states and let them raise their taxes because most of the money is for local roads -- and those roads, as Adrian said, the -- 80 to 90 percent of the users are local. So the people who

use it should pay for it. And just one last point, I mean, if you want to see the inefficiency -- there are so many examples of this, but you did mention the bridge to nowhere -- the bridge to nowhere in Alaska -- I wrote for the *Wall Street Journal* --

John Donovan:

Stephen, before you go on to that point, and I will come back to it, and I will let you make it, I want to stay on this -- on actually the point of local versus -- local versus --

Stephen Moore:

-- but this is my -- this is related to this because --

John Donovan:

Okay, go ahead.

Stephen Moore:

-- the reason the bridge to nowhere was built is -- and, by the way, this is a project literally that was going to save sort of like 50 people and it cost like 400 -- I forget the number -- \$400 million -- yes, people in Alaska never would have paid for that, but it was paid for with federal gasoline dollars.

19:33:42

John Donovan:

Okay.

Stephen Moore:

So my point is, I mean, that's an extreme example, but there are a lot of projects that are being built right now, especially transit projects, nobody would ever build --

John Donovan:

All right.

Stephen Moore:

-- except for they're built by people -- they're paid for by people who aren't going to use it.

John Donovan:

Let me -- let me go to your opponents to stay on this point of why Florida's roads should not be Oregon's responsibility and vice versa. Your opponents are saying because of who uses them, talking about the -- not the interstate highway system now, but more local projects. Which of you would like to take that?

Shailen Bhatt:

So I'll just start really quickly.

John Donovan:
Shailen Bhatt.

Shailen Bhatt:

I think your defense analogy is a great one, and that's why Adam Smith and the Wealth of Nations said that there are certain public goods for which individuals cannot pay and, in self-interest, would not pay a lot more. And so I agree from a self-interest standpoint Seattle could say, "Well, we can raise a lot of money ourselves," or Utah can say, "We're going to raise a lot of money ourselves," and that would lead to a balkanization of transportation. You would get states that are haves and have nots. I think the other -- I think the other analogy here is the Northeast Corridor. There is \$50 billion of deferred maintenance because nobody wants to pay for it along the Northeast Corridor.

19:34:48

This is why you have delays in trains in the New York City area. This is why people sit in trains for a long period of time. And no state is going to step up and say, "Sure, tax us." Of course we need a federal government to step in and provide that funding. So to me of course locals don't want to pay for things necessarily that benefit the nation, but there are national interests, an interstate system, a northeast corridor, and defense, like you mentioned, that I think raise to that level.

John Donovan:
But so let me -- let's get a response from Adrian Moore.

Adrian Moore:

Well, the fact that the states won't step up to pay for something doesn't mean that it has to be paid for. If they don't see the value, they don't see the value. If they see the value, they'll fund it. I mean, that's sort of the -- if they're not funding projects where the value is obvious, that's the problem, not the fact that they're just going to complain. I submit the opposite.

19:35:34

I think you as director of Colorado DOT would be much better off if the federal government was giving you from the federal gas tax a block amount allocation out of that for you to maintain its interstates that are in your state, and the rest of the system was--you controlled the revenue and you controlled the project selection, you didn't have all the federal strings attached, and all of that. You'd be much better off. All the states would.

Shailen Bhatt:
So the governor --

Adrian Moore:

Will some states blow it? Maybe, but --

Shailen Bhatt:

-- so Governor Brownback in Kansas, our neighbor, is out there cutting taxes left, right, and center. Even Republicans in Kansas don't like all the tax cuts that are there. And if they chose the end the interstate funding, right, turn it over to the state, Kansas would say, "We're not going to fund this anymore," the goods in Colorado, the people in Colorado would not be served from a national interest of having that interstate get to the neighboring state, and it just ends because the locals there decided, "You know what? I don't want to fund it."

Adrian Moore:

People in Kansas would suffer nine to one --

Alison Black:

And I want to make a really --

Adrian Moore:

-- to the people in other states [inaudible].

John Donovan:

Alison Black. Alison Black.

Alison Black:

-- yeah, I want to --

Alison Black:

I want to clear up what I think might be a misconception as well. States choose where they spend their money.

19:36:39

And they are getting back funds that are in proportion to what the users in that state are contributing. The federal government is not saying you have to do this project or that project. The state makes that decision. The money is contributed by the users in that.

Stephen Moore:

Well, let me give an example --

John Donovan:

Stephen Moore.

Stephen Moore:

-- of why you don't want that. That's exactly the problem, because the federal government -- first of all, why are you -- in New York, why do you want to pay federal gasoline tax, send the money to Washington D.C., where we have a vast bureaucracy of 10,000 people who work at the U.S. Department of Transportation. We don't need virtually any of those people. Why wouldn't you rather just send it to Albany, right? And basically -- this is the thing about Washington D.C. You send your money to Washington D.C. You send a dollar to us. We keep 20 cents out of the dollar, and we send 80 cents back to you. And why would you want to do that? That makes no sense. Why wouldn't you want to keep the full dollar for yourselves? The four richest counties in America are outside of Washington D.C.

19:37:37

How did that happen, do you think? We don't produce anything in Washington. All we do is take your money and take 20 percent off the top. One other point to think about. One of the most absurd transportation policies in the last 50 years was something called the 55-mile-per-hour speed limit. Do you all remember that, when you couldn't drive -- I mean, it made absolutely zero sense. Right? And states had to comply with that, because it's a federal law. And finally, in the mid-1990s, we got rid of that law. And states were able to raise the -- it's just one example, the kind of --

John Donovan:

All right. All right.

Stephen Moore:

-- regulation --

John Donovan:

All right. I want to --

Stephen Moore:

-- the federal government is imposing on states.

John Donovan:

Alison Black.

Alison Black:

Yeah. This money is going towards the 25 percent of roads in this country that are vital to the economic health of what we're doing. It's just not the interstate that's important. That's 40,000 miles. But there are other roads that are connecting our airports, our ports, major cities. And the federal aid program provides an economic incentive that states make sure they are addressing those roads that have a spillover network effect.

19:38:38

So, yes. I would say, absolutely, there's an interest in supporting roads across the country in Seattle to people in Florida -- who have might have goods that are being imported from those ports.

John Donovan:

Wait. Make that point more specifically. Why is it of interest to the people in Florida, that the port and the roads in Seattle, you know, 3,000 miles away, are in good shape?

Alison Black:

Because our economy does not stop at the border. And the longer that goods are sitting in trucks on highways, in congestion, the more it's going to cost when you go to buy that. And it's just an --

John Donovan:

Okay.

Alison Black:

-- economic drag.

John Donovan:

Okay. Seeing the coherence of that point, I want to put it to these --

Adrian Moore:

Well --

John Donovan:

-- to the team -- can you respond to that point --

Adrian Moore:

-- if you --

John Donovan:

-- that in fact, there is a --

Adrian Moore:

-- if you --

John Donovan:

-- shared interest?

Adrian Moore:

You're assuming that Congress is enlightened and all-wise, and they will always see the national interest, and they will distribute the money in the way that will maximize our economy -- first of all, you clearly come from Colorado and you've been smoking too much.

[laughter]

Second, you're --

John Donovan:

We like to not make personal attacks.

Shailen Bhatt:

A low blow.

Adrian Moore:

No, I'm not saying everybody from Colorado.

19:39:36

[laughter]

But look. The notion -- the drive for the federal government to fill all of the needs out there, which are overwhelmingly -- not exclusively -- yes, there's a very vital federal network. And the federal government should continue to help fund that. But that's not what the predominant list of needs out there is. The predominant list of needs out there is overwhelmingly more state and local -- a federal gas tax is not needed to do that. And --

John Donovan:

Adrian, I --

Adrian Moore:

-- it's much more wisely spent --

John Donovan:

-- Adrian --

Adrian Moore:

-- [inaudible] --

John Donovan:

Adrian, let me just say, I don't feel that you've actually made a compelling response to Alison's point, about the fact that the movement of goods in Seattle does have something to do with the people in Florida.

Adrian Moore:

Well, I just said, it does. Okay. Every road that connects across states has something to do with the economy -- something to do --

Male Speaker:

Of course.

Adrian Moore:

-- but most -- if you count the cars going on that road, the vast majority are Joe Blow going to the store. Not goods moving through the national economy.

19:40:36

So, they should be --

John Donovan:

[inaudible] --

Adrian Moore:

-- paying for that road --

John Donovan:

All right.

[speaking simultaneously]

Adrian Moore:

-- [inaudible] in Florida.

John Donovan:

Shailen Bhatt.

Shailen Bhatt:

So, a lot of things here. I mean, it's --

[laughter]

-- it's -- you know, if you go on Fox News or Al-Jazeera, wherever you go, it's very easy to play to that audience, and think -- raise things like "The Bridge to Nowhere." The reality is, the mass majority of these projects get delivered on time and on budget. And you

can point -- and you can cherry-pick individual projects. And Joe Blow, when he goes to the store -- if the good he's going to buy is sitting in traffic at the port of Long Beach, or sitting in traffic, or is not getting there -- he's going to pay more for it. And that's why it costs money. But I do want to address the one thing that you -- I think what you claimed in your opening statement was that your words were taken out of context, that you're actually arguing for the other position. I will say that in your article, "Restoring the Highway Trust Fund from 2010," that you co-wrote, you did say that even if we did all of the things that we talked about -- the efficiencies -- at least for the next decade or so, there is a clear case for increasing highway investment in America. Was that written by you or was that written by your cowriter --

Adrian Moore:

Yes, I --

Shailen Bhatt:

-- at the time.

Adrian Moore:

We've been arguing for increasing investment in the infrastructure the entire night. We started off supporting that. We're disputing what the best way to pay for it is.

19:41:43

Shailen Bhatt:

Right.

Adrian Moore:

We're saying no to a federal hike in the gas tax, not no to spending more money on transportation.

Stephen Moore:

[unintelligible] some cities to raise the gas tax. And by the way, your argument outside -- I just think it's not a very strong argument because the same argument can be used -- you know, I live in McLean, Virginia. Should people in New York state pay for my police service? There's some ancillary benefits to the fact that it's safer in McLean because we have a police service.

John Donvan:

Stop right there. Stop right there because it's a great point. I want to hear what Alison's response to it is. I want to hear your response to "why are local cops different from local roads?"

Alison Black:

Well, local roads are not supported by the federal gas tax.

John Donovan:

Well, okay, the roads you were talking about, the roads that serve -- that serves ports and airports locally.

Alison Black:

I mean, local spending is a completely different thing. And half of all the spending in this country is -- or on highways and bridges is by state and local governments. The other half, when you get to construction dollars, is the federal money.

John Donovan:

I still like their point. I think it's an interest point that you need to chew on a little bit more.

19:42:41

Stephen Moore:

The police -- to me, that's a defense argument, right? I think that there are certain things. Local police would not be something that people in New York City should pay for in McLean, Virginia. But all of us collectively, as Americans, have an ability and a desire to expect protection for the government for which no individual state would pay more. But it's the exact same argument. And I would say that the military and transportation are some of the things that Adam Smith has talked about. I think libertarians would agree that's one of the few things they should do.

Male Speaker:

I don't get that because I --

Adrian Moore:

Adam Smith said it was a public good. He didn't say it was a federal public good.

Male Speaker:

Right.

Shailen Bhatt:

But when you say that, you seem to say that the federal government is unenlightened, right, like all these terrible politicians in --

Stephen Moore:

They are terrible.

Shailen Bhatt:

-- Congress.

Stephen Moore:

They are terrible! But, look -- you know, this is great. They don't know --

Shailen Bhatt:

I would agree, they can't raise the federal gas tax. But you're --

[talking simultaneously]

John Donovan:

Wait, wait, guys.

[talking simultaneously]

John Donovan:

Hold it, hold it, hold it.

Male Speaker:

You're implying that the state--

John Donovan:

Excuse me. Wait! I'm going to moderate now.

19:43:33

[laughter]

John Donovan:

You're going to finish, and then we're going to go to -- okay...

Shailen Bhatt:

So --

John Donovan:

Adrian.

Shailen Bhatt:

-- you -- I would agree that there's a lot of challenges in Congress. But implying that somehow state and local elected officials do not suffer from some of these similar challenges and are somehow more enlightened is just not true.

John Donovan:

Adrian Moore.

Adrian Moore:

And so is the opposite.

[applause]

Adrian Moore:

I'm just arguing that the opposite is also true. So assume that all the states -- that we have states all over the country making disastrous transportation decisions if the enlightened federal government wasn't doing it for them is just not true. The ones who make bad decisions will quickly reap the economic consequences and change their ways. That's what tends to happen in a market economy. Do you see what happens to jobs? People start leaving the state, and you start changing your ways. That's what'll happen --

John Donovan:

All right, I want to move on --

Adrian Moore:

-- if our local projects -- local projects --

John Donovan:

I want to move on to a different part of the argument that the side against made, which is the "bang for the buck" argument. They made the case that there's enormous disparities state to state on the efficiencies of construction and that having -- putting federal money in the hands of states that are going to spend the money so dramatically differently in terms of efficiencies is another argument against it.

19:44:45

They talked about, in some places, it cost five times what it costs in other places to build a mile of highway. What about that? Let's take --

Alison Black:

I would say, yes, in some --

John Donovan:

Alison Black.

Alison Black:

-- urban areas, it does cost significantly more. You have issues of topography. You have issues with engineering, with the soil under the ground. There are many, many reasons why roads are going to cost different amounts. Unless you are comparing the same project, I don't think you can really make that argument.

Stephen Moore:

Yeah, but you have --

John Donovan:
Stephen Moore.

Stephen Moore:

-- the reason it costs so much more in California than in Texas is basically just labor costs, environmental rules and things like that. And the point is, if California wants more roads, they can -- they can deal with those regulations that would allow them to. They don't really have an incentive to when the money comes from Washington. And, look, I'm not saying that -- look, people in Congress are pretty stupid. But there are a lot of stupid state legislators too.

19:45:35

But the point is, you can't ask a member of Congress to have any idea about whether a project should be built in Colorado Springs. Most of them have never even been to Colorado Springs. Why would you -- and I would simply make one other point. The reason, Alison, that you want a federal gasoline tax is your road builders, who will get all this money, they don't want to have to make their case in the state -- they don't want to go to the local communities and have to make the case about whether these roads should be built or should not be built, so they'd rather do it in Washington where a lot of the -- look, let's face it, a lot of the politicians are bought and paid for.

John Donovan:
It's this side's turn to talk. I know you both want to talk. I'll give you -- I'll give you --

Alison Black:
[unintelligible].

[laughter]

John Donovan:
Shailen, I'll give you 15 seconds if you can do it in 15 seconds about the --

Shailen Bhatt:
You've talked a lot about the bipartisanship you -- or this lack of bipartisanship. Your article, "Forging a Highway Funding Fiasco" from July talks about a bill that's being pushed by Democrats and --

John Donovan:
Times up.

Shailen Bhatt:

Republicans.

[laughter]

Bipartisan. It's bipartisan support.

John Donovan:

Let's hear from Alison.

Alison Black:

I just want to say a few things. First of all, Congress is not choosing which projects are being delivered.

19:46:40

That is the choice of the state DOTs. They choose the projects. Congress is not making that decision. I want to be very clear about that. The other thing is that states are --

Stephen Moore:

How about the highway --

Alison Black:

-- stepping up. We've had --

Stephen Moore:

Wait, but then how did the -- how did we fund the --

Alison Black:

-- 15 states --

Stephen Moore:

Then how did we fund the bridge to nowhere in Alaska?

Male Speaker:

Governor Palin.

Stephen Moore:

[unintelligible] I mean, that was earmarked by the federal government, so --

Alison Black:

We had 15 states raise their gas tax in the last three years. You have had over 650 state and local bond initiatives. State and local governments are trying to do their part. But I think part of the key thing is, how would you pay your mortgage today on a salary from 1992? The federal gas tax rate has not been raised in over 20 years. And asphalt prices

are up over 50 percent. All of these market drivers have -- the cost of business has gone up. You can't expect to buy the same roads.

19:47:35

John Donovan:

This side gets two in a row.

Adrian Moore:

Peop--

John Donovan:

Adrian Moore. Adrian Moore.

Adrian Moore:

People don't believe that -- that the current money going into the transportation system is being well used. Okay, there's not a lot of trust in the system. And the reason why is because there's pretty obvious opportunities for bang for the buck. I mean, Steve mentioned, you know, the difference between California and Texas being driven by labor and environment rules and other things. I'd also point out that in California, administrative costs per lane mile of road is almost three times what it is in Texas. That's purely a management and political decision. They just have too many people in the California Department of Transportation compared to Texas.

John Donovan:

Stephen Moore, you get 15 seconds if you want it. If you don't, I have a question for the other side. All right. Here's my question for the other side. Your opponents have said that more fair, more equitable and more efficient than a gasoline tax would be a tollbooth, toll roads, that people who drive on the roads pay for what they use with dollars, with cash.

19:48:38

So this takes care of the problem that some people are driving Priuses and electric cars who are never buying gas, and it much more efficiently matches the user with the user's pocketbook. What's your response to that? And why is that not a great solution?

Shailen Bhatt:

It's a great solution. It's unpopular, just like raising the gas tax. So in Colorado, we're deploying these managed lanes, toll lanes, you know, public-private partnerships, it makes a lot of sense. But the public perception on these toll roads is that we're selling away a public asset so that some banker in a suit is now going to skim money off of it. And there's huge public resistance to it. And so I think that, you know, the mileage-based user fee, tolling, I think all of these are in agreement that we need to provide

more funding. The problem with the gas tax is it's just incredibly efficient, and it hasn't been raised in 20 years. And we should just raise it 10 cents the same way it would be if it had been indexed to inflation.

Stephen Moore:

Well, first of all, 75 percent of Americans are against raising the federal gasoline tax, three out of four Americans. So you've got a pretty big, you know, job of persuading the American people.

19:49:37

And I think it's because of the reason that Adrian said, that people don't think the money's being spent very wisely. Now, I agree with you. I think tolling is a really efficient way, and I think it's probably the way of the future for all the reasons, you know, we talked about earlier, for example, that you're going to have more and more fuel efficient cars, so the gas tax is not going to be a very good way of getting the money. But you're also right that there's a huge opposition to tolls too. And I think the reason for that -- you know more about this, I would agree -- I mean, I will admit, you know a lot more about this than I do. But I think the reason for that is people feel they're paying for it twice, that they have to pay a federal gasoline tax and then they have a pay a toll on top of it. So if we reduce the federal gasoline tax, right, and people pay the toll, I don't think you'd see quite the same opposition. Maybe I'm wrong, but that's my --

John Donovan:

Let's go to some audience questions. If you raise your hand, I will call on you. Just remind you, I'd like you to be very terse and ask a question that's on the topic, that's on the motion. And when the mic comes to you, if you could stand, just tell us your name. First name would be good enough, but we wouldn't mind having both. And then ask your question.

19:50:35

So I'll come right down front here, second row. And the mic's coming from your right-hand side.

Male Speaker:

Hi. We had --

John Donovan:

Can you --

Male Speaker:

Sorry. My name is Washimo Androwi [spelled phonetically]. And my question is, we've had a lot of questions -- a lot of debate about paying together as a country state by state that we've addressed really directly. I'm curious, there seems to be some idea of us hanging together as well by class, whether tolls are fair, whether -- I mean, talking about the richness of McLean, et cetera. I'm wondering, is there an element to this that describes whether we as a country are going to go together as we build our infrastructure?

John Donovan:

Let me take that question first to this side. Shailen Bhatt.

Shailen Bhatt:

I think it's a great question. And I think that is the purpose of a federal system. You know, the tolls in the New York City area I think are like 14, \$15 to go over the bridges now, that's pretty expensive. You want to have somebody taking a look at that to make sure that that is equitable.

19:51:45

But I think most importantly if you get -- if you left this theater tonight and wanted to drive to Seattle, you would drive across an interstate system that is completely uniform, the exits are all marked the same, the signs are all the same, and that is the product of a federal system. And as we move into the technology world that we are embracing that we are moving into, you want to make sure that if your cars are operating under technology, that that technology talks to you in New York, talks to you in New Jersey, talks to you in Virginia, that there is a federal system here. And on the fairness issue, you know, this has to be paid for. I think that it's not popular. Gas taxes aren't popular. Tolls aren't popular. These roads have to be paid for.

John Donovan:

Adrian Moore.

Adrian Moore:

Yeah, I think the integrative role of the federal government is something we all agree on. It's whether -- the funding is most efficiently done through the federal government that we disagree on. In terms of equity, I mean, that is a great question because, as Bob mentioned briefly at the beginning, the gas tax is a quite regressive tax.

19:52:41

And it's tricky to figure out a user fee --

John Donovan:

And tolls would be the -- tolls would have the same problem.

Adrian Moore:

-- yeah. So any user fee that's directly charging for the use of the road is -- would be somewhat regressive. But if we were charging -- charging by the gallon is increasingly regressive because, not surprisingly, the poor have less fuel efficient vehicles than the wealthy. So studies like one by RAND Corporation that look at the regressivity of the different ways of paying are showing that it's getting more regressive as we go forward. So we do need to replace the gas tax with something that's much more fair and less regressive.

John Donovan:

I want to do another round of that question because what about --

Alison Black:

Yeah.

John Donovan:

-- the fact that the tax is regressive? They just made a very compelling case for that.

Alison Black:

Well, I think it also gets to the point of "What is the outcome of this investment?" and how that is going to help people of lower income and the middle class as well. And even talking -- you mentioned the people I represent, those are great paying construction jobs that are supported by this investment. Those people spend their money throughout the economy. That ripple effect is four million jobs.

19:53:43

John Donovan:

So you're saying, "Yes, it's regressive but it has a payoff farther down the road"?

Alison Black:

Well, absolutely. And I think the other thing, too, is that there was a study by Harvard that came out this past year that was very well done where they said that access to transportation was the single most factor that could impact a family's ability to get out of poverty and to earn -- or to go up -- an increased income.

John Donovan:

Okay, now we'll take another question, sir, right in the back there.

[applause]

You can all be very robust with that applause.

Alison Black:
Yeah, that's a good thing.

[applause]

John Donovan:
That had a -- that last round had a little bit of golf tournament to it.

[laughter]

So you can let go. Sir, go ahead.

Male Speaker:
Thanks. My name is Ivan. I just want to address John's philosophical point.

19:54:35

Look, the centers of productivity in this country are the cities, right? That's where incomes are highest. The cities provide goods, services, tax revenue for all of us. So to the -- for instance, the Portland, Florida, point, yes, it is in Floridians' interest to -- for Portland to have better transport infrastructure even if Floridians don't use that infrastructure.

John Donovan:
Sir, I need -- I need you to get to a question even though you flattered my question --

Male Speaker:
Oh, I'm sorry. I'm sorry.

John Donovan:
-- almost worked.

[laughter]

But I need you to get to a question.

Male Speaker:
The question is could you all please address that issue, which is the issue of supporting, you know, centers of economic activity, loci?

Adrian Moore:
Yeah, the --

John Donovan:

Adrian Moore.

Adrian Moore:

-- we've kind of been agreeing with that all along. We all agree that there is a benefit, there's -- when you improve the transportation infrastructure in Portland, you get a huge benefit in Portland and you get some trickle benefits -- maybe "trickle" is too small a word -- you get some spillover benefits to the rest of the country.

19:55:38

It's a huge benefit to Portland. They should be the ones who want to make that investment, because they're going to reap huge benefits. The poor working slob in Iowa, you know, that benefit is going to trickle down, you know, many orders of magnitude before it gets to him. Does he really want to be ponying up 25 percent of the share for those projects? No. It doesn't make any sense.

Alison Black:

But, again --

John Donovan:

Alison Black.

Alison Black:

-- he's not ponying up 25 percent of the share, it's the money the states are contributing through the user fee that they are paying in that state. And that's what they are getting back, that share.

Adrian Moore:

You're saying the federal government doesn't provide about 25 percent of most states total spending?

Stephen Moore:

Why would you want to take -- send the money to Washington to have Washington send it back to the states, if that's what you're doing? Why don't [inaudible] the state --

Alison Black:

Well, it's because there is the incentive that then that money has to be spent on these key roadways that have the regional and national importance.

19:56:34

Stephen Moore:

-- yeah, but that's what we don't want, though.

Alison Black:

You can't just spend the money on a local road.

Stephen Moore:

So you're saying Congress is more enlightened, then.

John Donovan:

Let's hear Shailen Bhatt.

Alison Black:

No, but Congress -- [unintelligible] but you're making that --

Stephen Moore:

But that's where you get all the costly federal regulations.

John Donovan:

So -- let's hear Shailen Bhatt.

Male Speaker:

[inaudible].

John Donovan:

Shailen Bhatt.

Shailen Bhatt:

Thank you. So, a couple of things. I think it's interesting -- we're talking about regressivity and the impact of tolls and gas taxes on poor drivers. And yet, we want to cut transit, which is disproportionately used by folks who can't afford cars. Right?

[applause]

Adrian Moore:

Who wants to cut transit? They want to cut federal funding of transit and have the cities pay for the transit project in the cities.

[laughter]

[speaking simultaneously]

Shailen Bhatt:

So, and that was what I was going to finish up with, was to say that you talk about these cities becoming the loci, right, like the focal point of all this industrial growth. And that has been the migration, I think, and the shift in emphasis from building highways to building infrastructure, and working with locals, and working with these big cities, to

say, "How do we address this?" Because you don't need, necessarily, big highways. You know, you talked about, "Let's get rid of the transit to Dulles. Let's just build one more lane." Well, that'll just induce more cars out there, and then we'll have a gridlocked highway that's one more lane wider.

19:57:39

Stephen Moore:

Look. Look. If you -- do you support --

John Donovan:

Stephen Moore.

Stephen Moore:

-- how -- let me -- hold on.

John Donovan:

Stephen Moore.

[applause]

Stephen Moore:

Now, look, this is New York City. And people do -- you know, half of the people in this room or more use transit all the time here. And this is a congested city. And transit probably makes sense here. But most places, it makes little sense.

Shailen Bhatt:

Seattle, Minneapolis --

Stephen Moore:

You have --

Shailen Bhatt:

-- [inaudible] --

Male Speaker:

No. I --

John Donovan:

Shailen, let him --

Shailen Bhatt:

Sorry.

Stephen Moore:

There are statistics on this. I mean, in a lot of cities, it would be cheaper to buy a chauffeured limousine service for poor people to get them to where they're going than to build these transit systems. They're so -- they're four times -- they're billions of dollars. And the -- you know, when you talk about transit versus congestion, there is zero evidence -- there is zero evidence that transit reduces traffic congestion in most cities. Most people -- let me ask you a question. Would you support subsidizing Nike sneakers? Because you know what? More people walk to work than use transit. So, do you want to -- more people walk to work than use transit. So, maybe we should subsidize their sneakers.

John Donovan:

I'd like to go to another question.

Adrian Moore:

Well, let -- you know what?

19:58:33

There's a vital factual point on that question, though -- which is, for 25 years, the major urban areas of this country have spent, on average, about 30 to 35 percent of all transportation funding in those cities on public transit, which carries 2 percent of the travel --

John Donovan:

All right --

Stephen Moore:

-- and the share of people riding transit has gone up zero.

Male Speaker:

Right. [unintelligible] --

Stephen Moore:

All of the growth in transit use since the great recession happened is in New York. It swamps what's the flat transit use in the rest of the country.

John Donovan:

Let's go to a question.

Female Speaker:

Hi, I'm Katie. As a young person living in a city, I would like to hear more about how you think increasing the gas tax would improve the environment, which is something I really

wanted to hear more about. And infrastructure is really important. But it can be expensive, as the fare goes up every month.

John Donovan:

I think it's relevant. I mean, let's do a little bit on it, because it's -- we haven't touched on it. Would you like to take it first? Which side would like it first? Shailen Bhatt.

Shailen Bhatt:

So, my wife used to work for the EPA. I love the environment. And I think it's a great --

[laughter]

-- I --

Male Speaker:

Why he -- I hate you.

Shailen Bhatt:

Love you.

[laughter]

19:59:40

So, I think it's -- look. I think that raising the gas tax 10 cents-- people sometimes oppose widening projects, right? We have a major project that we're widening in Colorado right now -- thank you. Because you were on the same flight? But, look. When you have gridlock -- right? I sat in traffic, a lot of traffic, last night, when I flew in at 11:00. And all of those cars were spewing out--you know, so having congested roadways does not help the environment. I think that as you make things more expensive, people will do less of them. But I want to go back to this transit example. I --

John Donovan:

No, no, no, no. I want these guys to respond --

Shailen Bhatt:

Sorry.

John Donovan:

-- to the question.

[laughter]

Shailen Bhatt:

I will obey your rules.

John Donovan:
Stephen Moore.

Stephen Moore:
You know, look. You know, we've had this whole discussion. I think we all agree cars are a good thing, roads are a good thing. I think all four of us agree on that. But there's a war against the car in this country. There's a war going on at the EPA against the -- wants to get people out of their cars, which is the most liberating invention that was ever made, and force people to take transit and other things.

20:00:35

And I would simply say this. You know, we're moving in-- the cool thing about this age we're living in right now, we're having a debate about how people used to transport themselves 50 and 100 years ago. We're going to move --in five to 10 years, when we're done with this meeting, everybody's going to go on their iPhone, and they're going to call a Google Car. And there are going to be a hundred Google Cars lined up and they're going to take you wherever you want. They're all going to be synchronized. All these problems with congestion can go away. Why are -- we're so --

John Donovan:
Stephen, the question there is -- there's a question about whether the gas tax --

Stephen Moore:
Yeah.

John Donovan:
-- discourages extreme -- encourages more conservation.

Stephen Moore:
It -- yeah, sure. If you tax something, you get less of it. But I'm --

John Donovan:
Okay.

Stephen Moore:
-- saying is, we -- people are using less gasoline right now.

[applause]

I mean --

Adrian Moore:

There's a scale effect, though --

Stephen Moore:

[unintelligible] --

Adrian Moore:

The gas tax is a very small effect. The gas price has a huge effect.

John Donovan:

Yeah. It's not a big deal?

Adrian Moore:

It's driving more efficiency and less emission.

Alison Black:

It's a [inaudible].

John Donovan:

Not a big deal, it turns out to be. Okay.

Female Speaker:

Can you hear me?

John Donovan:

Yeah.

John Donovan:

Yes.

Female Speaker:

Ilona Nemeth. I think it was Mr. Bhatt's opening comments he raised two points that I didn't hear much about.

20:01:40

One was you mentioned airports, coming into the airports. And I didn't hear anything about how the federal gas tax would impact airport terminals and runways, or if you only meant the roads connecting them. And the second thing is, you referenced haves and have nots, and it sounded like you think there's a long-term issue with high population states versus low population states' road infrastructures, if we move to less of a federal tax.

John Donovan:

Okay. I want to choose just one of those questions. Let's choose the second question.

Shailen Bhatt:

So the EPA is not --

John Donovan:

Haves and have nots.

Shailen Bhatt:

-- engaging in war on cars. Millennials are choosing not to buy them. I'll come back to your point in terms of haves and have nots. The challenge with what they are proposing is let's devolve, let's get rid of the federal highway administration and let's turn it over to states and locals. So, if we're in Colorado, for example, the 18.4 cents federal gas tax, if they devolve it, we said, let's get rid of the Feds, the people of Colorado would have to vote on that.

20:02:37

And we already know that gas taxes are not very popular, so you could literally end up with a situation where we'd lose \$600 million a year of our federal funding that would go to our roadways because the people have spoken, and it's not popular. Now, that would mean that Colorado, as compared to Utah, which is a pretty enlightened red state, that invests massive amounts of money in infrastructure and has very little traffic and great roadways would turn into a "have" state and a high population state like Colorado would be left without. States like Montana and Delaware, these are lower population states. They need transportation systems as well because goods may not necessarily be generated there, but they move through those states, and that's why it's important that all states have good roads.

John Donovan:

Fascinating answer. Let's see what your opponent's response is. Adrian Moore.

Adrian Moore:

Again, it comes down to this belief that people will make bad decisions and simply wallow in them to the detriment of everyone else. If that doesn't happen in anything else that is managed at the state and local level, if that were true, we would have better policing if it was federalized because then -- then we would have this -- consistent decisions across the country.

20:03:46

But we don't have that. I think that the state and local governments that are looking at the benefits of transportation projects, you brought up -- Alison brought up the benefits should drive these discussions. We're not talking about the question before us is not

eliminating the federal gas tax. It's, should we increase it by 10 cents. We're saying, no, you should not increase the federal gas tax by 10 cents because we have not exhausted the possibilities of solving our transportation problems by doing things like having state and local governments step up more rather than lobbying the federal government to raise the federal gas tax and give them the money without having to go to the people and get the approval.

John Donovan:

Actually, I want to take your point, what you just said, as your thesis, your opponent's haven't responded to directly, which is that you have not exhausted other ways to solve the problem other than -- so is that true?

20:04:41

Okay, I'm not asking for the absolute, have you exhausted all possibilities? But do they have a point that there are many, many more efficiencies that can be found and other ways to approach.

Shailen Bhatt:

So I have run two state DOTs. I have a \$1.3 budget. In Delaware, I had almost a million dollar -- a billion dollar budget, 3,000 employees. The idea that you raised, that we're not looking for more efficient ways to do things is -- I like you, so it's -- but I find it to be like an insulting one. And let me also like just explain something here. When those federal dollars come in, and oh, it's a terrible federal government, and the states and locals make better decisions, and your premise that state and locals don't make mistakes or that they are somehow much better than -- I think that lots of people would say that. But the way those federal dollars get apportioned in Colorado is, we have metropolitan planning organizations, MPOs, made up of local officials who come together to say, let's vote together.

20:05:35

And I have implemented prioritization. We took a software called Decision Lines, and ranked all of our projects. We're deploying P-3s. We have done all of the things that you're talking about. It doesn't solve the problem. Unless we get more money into the system -- and, look, I am agnostic as to whether it's the federal government, states, or locals. But the reality is the federal tax gas is efficient, and we should raise it.

John Donovan:

Other side, Stephen Moore.

Stephen Moore:

Just, this idea -- look, here is the point about local financing. I live in a community. We needed a new road. You know, we needed a road because we had a lot of congestion,

there were new houses built. We did not come to Washington, D.C. and lobby our congressmen. That would be stupid. I mean, we basically went to our community and to our city council and said, look, we need this road, and that's how things get done in America. You don't want to have to have all these decisions made by the federal government. I mean --

[speaking simultaneously]

Stephen Moore:

And by the way, we got the road built. We got stop signs where we wanted them to do. Could you possibly imagine that happening if you had a -- when the federal government is making all these decisions? And our point is, federal government is making way too many of these --

John Donovan:

Alison Black.

20:06:35

Alison Black:

I was going to say, I think the structure of the federal program is key as well because you have to spend primarily most that money on capital outlays so you are insured that that invest is going towards making improvements like construction right of way and engineering. Less than 20 percent of state gas tax revenues, which states collect, the motor fuel tax that you pay to the state, less than 20 percent of that is going towards capital outlays and maintenance.

John Donovan:

Okay. I want to move on to something that we call the volley round. It's a two-minute round in which each debater gets 30 seconds to answer a very specific question. It goes from one side to the other. They can only talk for 30 seconds, then they are silenced by this bell. When the bell comes --

Male Speaker:

That'll work.

John Donovan:

And I want to clarify. Stephen Moore, did you, in your opening statement, propose a 5-cent cut in the gas tax or a cut in the gas tax down to 5 cents?

Stephen Moore:

I said we could fund the federal interstate highway system and still cut 5 cents a gallon of the gas tax at the federal level, and then let states raise it.

20:07:39

John Donovan:

Oh. So here's what I want to do with this 30 seconds. I want to -- I want to put before the debaters your proposal that the system can be sustained even with a 5-cent cut in the federal gas tax, why that's true and why that's a good thing. Your 30 seconds starts now.

Stephen Moore:

I'm sorry. I don't understand the question.

John Donovan:

I want you to -- I want you to elucidate your argument that a 5-cent cut is doable and in the long run a good thing.

Stephen Moore:

Right. So basically what would happen is everyone in this room who lives in -- most of you live in New York. Instead of sending 5 cents a gallon to the federal government, now you'd be able to keep that money, right? It wouldn't go to Washington, it wouldn't support 10,000 people who work in the U.S. Department of Transportation, and you can then decide here locally -- Albany can raise their gas tax to pay for your roads. And I'm making the case that would be a much, much more efficient system than we have right now. And you get more roads, you get a lot more bang for your buck. And Washington, D.C. would be the big loser in that, and that's a good thing.

John Donovan:

Adrian Bhatt. I'm sorry. Shailen Bhatt.

20:08:38

[laughter]

John Donovan:

Shailen Bhatt.

Shailen Bhatt:

What am I --

John Donovan:

You're responding to that point.

Shailen Bhatt:

I have a billion dollar a year shortfall in Colorado, \$1 billion a year. So if you cut my federal program by 5 cents, which would be about 40 percent, I would have a \$1.2 billion a year shortfall in Colorado.

Stephen Moore:
[unintelligible] not going to raise your --

John Donovan:
You can't talk.

Shailen Bhatt:
I mean, and so to me -- and these are important projects that save lives, that save lives, reduce congestion and save Americans money. So let's do the right thing. Let's raise the gas tax by 10 percent. A 5-cent cut is ludicrous.

John Donovan:
Adrian Moore.

Adrian Moore:
I haven't crunched the numbers on the 5-cent reduction, but we have crunched the numbers on if the federal government simply can find its current 18 1/2 cents gas tax to funding the maintenance and improvement of the interstate system, what would the states have to do?

20:09:36

On average, most states would have to increase their state gas tax by 2 to 5 cents per gallon to make up that funding for the projects that are predominantly state and local in nature. And that seems pretty reasonable.

John Donovan:
Alison Black.

Alison Black:
It is not enough an investment and we are way behind. Bob Poole at the Reesen Foundation did a report last year looking at just the needs to fully fund the interstate system and make the repairs that we need; just the interstate. It was about \$1 trillion, not billion. 1 trillion. That is the work that is needed on the interstate system alone.

John Donovan:
And that concludes our volley round, and that concludes round two of this Intelligence Squared U.S. debate, where our motion is Raise the Federal Gas Tax to Fund Infrastructure.

[applause]

John Donovan:

There is one -- one thing I needed to say for the radio broadcast, that I neglected to say, so I'm just going to record it now.

20:10:36

I need you to not giggle as I begin saying it because it's anachronistic at this point, but here we go. Control yourselves. I want to remind you that we are in the question-and-answer section of this Intelligence Squared U.S. debate. I'm John Donovan, your moderator. We have four debaters, two teams of two debating this motion: Raise the Federal Gas Tax to Fund Infrastructure. Thank you for your patience.

[laughter]

Now we move on to round three. Round three, closing statements by each debater in turn. This will be their last chances to try to get you to vote with their side. These statements are uninterrupted, and they are two minutes each. And here making his closing statement in support of the motion, Raise the Federal Gas Tax to Fund Infrastructure, Shailen Bhatt, executive director for the Colorado Department of Transportation.

Shailen Bhatt:

So I appreciate everyone listening tonight, and I'm going to close with a call to raise our gas tax by 10 cents. And I think there's a lot of agreement between us on things that we can do. And I'm saying that in my experience in running two of these state DOTs we've done a lot of these things and there is still a shortfall. And I want to close with a story. So in 1988 my dad took us back to India.

20:11:46

I was born in Canada. My dad decided to take us to India. He took us for a lot of reasons, but I think he wanted to impress upon us how lucky we were to grow up in the first world. And my memory of that visit in 1988 is landing at this airport in Ahmedabad, India. And it -- going to the airport, it was like this single-story structure with bars in the window instead of glass and bouncing around on these roadways around the state of Gujarat that were two lanes and were likely the relics of the British colonization. And it wasn't a pretty sight in 1988. I went back representing the Federal Highway Administration in 2010, and that single-story airport was this modern gleaming glass and steel structure which is probably the nicest airport I've ever been in, in the entire world. And those two-lane roads, they've been replaced by four-lane roads that are carrying goods and services around India.

20:12:36

India, China, Brazil, the EU, they're all making significant investments in their transportation system, not because they want to compare to us but because they want to compete with us. And there are -- there's a global war for jobs right now. And our transportation system in the 20th century provided a backbone for this country's economy. We inherited that system. We have not invested in that system, and that system is failing. We owe it to the children that are here tonight, we owe it to the children of the people who are listening to turn over to them a system that will allow them to compete in the 21st century. And that is why we should follow the words of Ronald Reagan, we should follow the words of Adrian Moore --

[laughter]

-- we should follow the words of our side, and call for a 10 cent increase in the gas tax. It is not popular, but it is the right thing to do. It is our duty. Please join us in this. Thank you.

John Donovan:

Thank you, Shailen Bhatt.

[applause]

And the motion is, "Raise the Federal Gas Tax to Fund Infrastructure." And here making his closing statement against the motion, Adrian Moore, vice president of policy at the Reason Foundation.

Adrian Moore:

Thank you, all.

20:13:38

I'm reminded of the old joke, when you're leaving tonight, those of you who are driving, please drive carefully. Uncle Sam needs all the taxpayers he can get. You know, look, we all agree we have these big needs. Shailen quoted our report that looked at how much transportation infrastructure we're going to need in the future and did not conclude that we need to raise the gas tax, but instead looked at how we can pay for building all of that with more sensible means. So the question really is, "Is the best thing to do in the face of more infrastructure needs to tax everybody more and continue to do things the way they've always been done, or is the best way to figure out how can we do better at providing this infrastructure with the money that we're already collecting?" You know, we're getting more for our phone purchase, more for our computer purchase, more for our home purchase, more for everything we buy. We should be getting more from our transportation system, too.

20:14:36

So we don't need to raise the federal gas tax to get more. We need to focus on getting more bang for the buck, so to speak.

Stephen Moore:

That's we're "Moore."

Adrian Moore:

[laughs] Yes, that's right. I submit that most people -- most of you don't have any idea how much you pay per year in gas tax. Most people in America don't. We've done a lot of survey and man-on-the-street kind of interviews. The people's beliefs about what they pay in gas tax varies widely. People don't know. They don't know where the money goes. They don't have a lot of trust in the system. We should be focusing on getting that understanding, getting that transparency, getting that willingness to invest in the system before we take the money. And, finally, should we be doubling down on a system that was invented before World War II when technology is changing so fast? Should we increase funding in a system that is so ancient and rapidly becoming obsolete, or should we focus those energies instead on figuring out, "How do we fund the future transportation with a future transportation funding mechanism, not just throwing more money into the same old system?"

20:15:42

John Donovan:

Thank you, Adrian Moore.

[applause]

Our motion is, "Raise the Federal Gas Tax to Fund Infrastructure." And here making her closing statement in support of the motion, Alison Black, chief economist for the American Road & Transportation Builders Association.

Alison Black:

The challenge is that as users of the system we are going to pay for it one way or another. We will either decide to increase the gas tax, make the investment that way, improve our road and bridge systems, or we will pay for it by sitting in congestion, paying more for our goods and services. And what struck me -- last year I did a report on New Jersey, and, you know, I work with a lot of numbers, and I was trying to quantify in some way -- New Jersey's average commute time is 10 minutes higher than the national average.

20:16:31

And that really got me to thinking because I've been with ARTBA for 15 years. And during that time, my commute has gone up, easily, by 10 minutes each way. And when I added that up, that is 40 hours a year. And as I said, I worked with a lot of numbers, but that really struck me. I have four young kids at home. I would gladly pay 25 cents a day, which is the cost of raising the federal gas tax by 15 cents to the average driver. We are talking about a quarter a day. I would gladly pay that, and much more, if it meant that I had to spend less time commuting in traffic and more time with my family or doing whatever I would choose to do. And I think, when you ask most Americans if they would make that choice -- not to raise their tax -- but to increase their investment in this network that is so important to our national economy and so important to future generations, that most people would be willing to do that.

John Donovan:

Thank you, Alison Black.

20:17:36

[applause]

The motion is Raise the Federal Gas Tax to Fund Infrastructure. And here making his closing statement against the motion, Stephen Moore, distinguished visiting fellow for the Heritage Foundation's Project for Economic Growth.

Stephen Moore:

The last time we raised the federal gas tax in 1982, traffic congestion went up. It didn't go down. In fact, it's interesting -- I'll just tell you a quick story. About four months ago, I testified before the Senate Finance Committee on this very subject, of "Should we raise the federal gasoline tax?" There were probably 200 people in the room. I was the only person who was testifying against raising the federal gasoline tax. Every single other group there -- the road builders were there. The civil engineers were there. The unions were there. All of the groups that basically get this money that wanted it because this is what enriches their coffers. And what was interesting about that was none of these groups talked any -- not one iota -- and in fact, I'd say this about our opponents on this -- have they mentioned one way that we could be more efficient in the way that we spend our dollars?

20:18:38

No. I mean, it's all -- basically, the line of all the groups that were for more gas taxes -- "Give us more money." More money, more money, more money. No talk about how to make it more efficient, how to make it more effective. "We want to spend more and tax more." And I would submit to you, that approach, in every area in Washington is what has created a bloated federal system that's borrowing nearly a trillion dollars a year and

bankrupting our country. As far as this point about reducing congestion -- Alison, I too face a long commute. I live in Washington D.C., as you do. If I believed -- if I sincerely believed that raising the gas tax by five or 10 cents a gallon was going to reduce congestion in Washington D.C., I'd come over there and hug you and I would say, "Hell yes, I'm going to pay that money." But I have no faith whatsoever that this money that we're going to raise in the federal gasoline tax is going to reduce congestion, because it just hasn't done it before. We're not very efficient in spending it.

20:19:34

And the final point I'll make -- as I made this point before -- we can get an extra bridge. We get an extra road built for every four we build by just getting rid of the Davis Bacon Act. So, we get rid of that, we have less congestion. We have a better transportation infrastructure system. Let's start by doing that.

John Donovan:

Thank you, Stephen Moore.

[applause]

And that concludes closing statements. And now it's time to learn which side you feel has argued the best. We're going to ask you, again, to go to the keypads at your seat and vote for the second time. Same system as before. Take a look at the motion: Raise the Federal Gas Tax to Fund Infrastructure. If you support the motion, push Number 1. If you oppose it, push Number 2. If you became or remain undecided, push Number 3. And I'll give that about 15 to 20 seconds for you to complete before we lock it out.

20:20:28

Okay. It looks like everybody's done. We're about two minutes away from getting the results. So, in those two minutes, I just want to say this. I'll be very honest, that back when we crystallized the debate with motion language that had the word "infrastructure" in it, I never imagined that things would get so crazy on the -- on the stage here, and be so passionate, you know, with accusations of quoting people out of context and assertions --

[laughter]

-- that somebody on the panel actually inhaled.

[laughter]

I want to say, though, that I thought the spirit, and the energy, and the civility that you all showed one another, as well as the sort of robust competition, was exactly what

we're looking for in these debates. So, I want to thank all of you for what you've brought to this stage.

[applause]

Also, thank you to everyone who asked a question. They were all superb tonight, and they really moved the debate to a better place. So thank you for your questions.

[applause]

John Donovan:

I'd like to mention that Intelligence Squared is actually a philanthropy.

20:21:45

We produce this podcast we've talked about several times tonight and the radio broadcasts. We have huge audiences out there now. I'm running into people all the time who are -- who hear my name and, you know, I've worked for ABC for a long time. I'm literally getting more, you know, "Hey, you're that guy from the Intelligence Squared podcast" in the last couple of years than from ABC. And the fact is that we give it away for free. We do all of this. We bring all of these debaters to New York. We put on, at this point, 111 debates. And doing that, we actually depend on support of donors. So this is the commercial. We have a website where, if you are moved to, we would love it if you could go to our website and make a donation to our organization. Even the small ones really do count. And the ticket prices -- the ticket sale prices don't come anywhere close to funding what we do, so we would really appreciate it if you would make that consideration and assist us in continuing to help Intelligence Squared going.

20:22:44

So all of those who have already made contributions large and small, we have only to offer you our sincere thanks. Our next debate is going to be here in -- I'm sorry, next debate in New York will be on November 18th. The motion is "Central banks can print prosperity." Among our panelists, we're going to have a former IMF chief economist and a former official who helped to execute but then later denounced the quantitative easing program at the Federal Reserve. But before we do the New York debate, we're going to be in Washington, D.C. next week, November 2nd, George Washington University, debating the use of smart drugs. By that, we mean drugs that are -- that students are taking off label, like Ritalin, to -- not because they have attention issues, but they take them as a competitive advantage to focus their attention. And the question is whether this is ethical or not. It's a big issue on campus.

20:23:36

And we're going to look at whether it's cheating or whether the benefits actually outweigh the risks. Then we're going to be in Chicago on November 10th at Northwestern University School of Law debating whether prosecutors have too much power. Again, tickets for all of our debates are available through our website. Okay. So the results are in. Once again, the motion is this: Raise the Federal Gas Tax to Fund Infrastructure. And again, the way our debates work is that the team whose numbers have moved the most between the first and the second vote will be declared our winner. So, let's look at the first vote. On the motion, Raise the Federal Gas Tax to Fund Infrastructure, before the debate, polling a live audience here in New York, 51 percent agreed with the motion, 10 percent were against, and 38 percent were undecided. Those are the first results. Let's look at the second results. The team arguing for the motion, Raise the Federal Gas Tax to Fund Infrastructure, first vote, 51 percent, second vote 66 percent. They picked up 15 percentage points.

20:24:35

That is the number to beat. Let's see the team against the motion. Their first vote was 10 percent. Second vote was 23 percent. They pulled up 13 percentage points, not quite enough. The team arguing for the motion, Raise the Federal Gas Tax to Fund Infrastructure, declared our winner. Our congratulations to them. Thank you from me, John Donovan and Intelligence Squared U.S. We'll see you next time.

[applause]

20:25:05

[end of transcript]