



**COLORADO FISCAL
POLICY INSTITUTE**

Why We Need Government and Government Needs Us
Executive Summary

Colorado Fiscal Policy Institute
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The following paper was originally authored in May 2008 by a University of Denver law school student, Noah Patterson, who was working with the Colorado Fiscal Policy Institute (COFPI) at the time. The original purpose was to analyze and highlight examples of effective public investment projects undertaken by the U.S. government. The paper presented six case studies ranging from education, public infrastructure, disease eradication, poverty reduction, and other public works.

In November 2008, the paper was updated and revised by COFPI staff following the collapse of the financial industry, the credit crisis, and the historic 2008 election. With a record 130 million people voting in the 2008 election, COFPI believes this paper is timely, topical, and poignant in terms of the relationship between government and its citizens.

Viewed together, the six case studies show a clear and compelling need for public sector involvement, especially when attempting to solve large-scale systemic problems like economic depression and crumbling infrastructure. Leaving such expansive challenges to the sole discretion of the private sector has the propensity to leave some regions and communities marginalized and vulnerable, and fails to meet the needs of society as a whole.

Public distrust in the political system, in particular elected officials, has settled in at just under twenty-five percent, according to a 2006 study by the Council for Excellence in Government. This distrust correlates to a feeling of disconnection or lack of connectivity between the individual and his or her government; those who do feel connected to their public institutions are twice as likely to have confidence in those same organizations. Involvement in government allows individuals, regardless of their socio-economic status, to affect, and be affected by, public discourse and social policy. In turn, this paper comes at an interesting time.

In the 2008 elections, exit polling showed there was virtually no ideological shift in the electorate, compared to most recent elections. However, for the first time since exit polling began in 1994, a slim majority of voters—51 percent—want government to do more to solve problems. Broadly speaking, this means that people want and expect the institution they

historically trust the least (government) to fix the problems they fear the most (such as economic depression).

That is exactly what government can and should do. With its greater resources, federal government investments have the propensity to solve more systemic problems than piecemeal approaches yielded by solely private activity. It is to those cases to which the paper turns.

The paper outlines three distinct areas of public investment: economic prosperity, public infrastructure, and public services.

The six case studies analyzed include the G.I. Bill, the creation of the Tennessee Valley Authority, the development of the federal interstate highway system, the Rural Electrification Act, the Clean Water Act, and the eradication of Tuberculosis.

The outcomes of these efforts are remarkable.

Nearly eight million veterans used the G.I. Bill to enroll in undergraduate or trade programs, and the G.I. Bill itself returned almost \$7 for every dollar spent on veterans' education.

The Tennessee Valley Authority investment led the way to a five-fold increase in freight tonnage shipped on the Tennessee River, and helped bring sustained private investment to a severely poverty-stricken region of 2.5 million people.

The Federal Highway Act created a national interstate highway system, which in addition to providing \$6 in economic productivity for every dollar spent on its construction, also prevented almost 200,000 vehicular deaths because of safety improvements, according to a 1999 estimate.

The Rural Electrification Act brought electricity to rural communities and farms where private industry did not. The result was that 99 percent of American farms had electricity by 1979.

The Clean Water Act has led to almost 90 percent of all bodies of water in the U.S. meeting all EPA health standards, and a 99 percent decrease in toxic pollutants.

More recently, the U.S. government's effort to eradicate tuberculosis led to the lowest rate of the disease in 2007 since 1953.

This is not to say that government is the answer to every problem. However, government is equipped to take on problems that the private sector and free market are unwilling or unable to take on themselves. And that is its inherent value.

The analysis of these six case studies also validates the view that increasing public investments during difficult economic times, as opposed to decreasing such investments, is an effective strategy for economic progress. In the case of the G.I. Bill, the Tennessee Valley Authority, the Clean Water Act, the interstate highway system, and the Rural Electrification Act, bold public investments propelled broader economic growth.

These case studies show the unique position of the public sector in American life, while also emphasizing the need for citizens and the government to foster greater connectivity. When government programs are implemented systematically and effectively, American confidence levels increase, which then gives the government a greater ability to solve problems in the future. The public sector remains the only entity designed to serve the interest of the greater good.

On the heels of what can arguably be described as a transformational election, Americans face crises in the economy, health care, public infrastructure, energy, poverty, education and other critical issues and Americans responded by connecting to their government in record numbers. With the need for systemic and comprehensive solutions to national problems increasing, this is the moment in time to rethink our commitment to the common good and to the institutions designed to steward that common good on behalf of all of us.

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