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Costs and Benefits of Low-Cost Chinese Reconstruction of American Infrastructure

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January 25, 2012

Governments throughout the U.S. are awarding massive infrastructure contracts to Chinese construction companies instead of to their more expensive American competitors. Two of the largest projects that have been awarded to Chinese construction companies in the past few years include the renovation of the Alexander Hamilton Bridge in New York City and the rebuilding of the Bay Bridge connecting San Francisco and Oakland. The resulting effect on the U.S. construction industry and broader economy remains to be seen.

Much of the work relating to these projects, including design work and the fabrication of steel and related components, is being done in China by Chinese workers. These are jobs that may have been filled by workers in the U.S. if the contracts had been awarded to American companies. Nevertheless, the governments awarding these contracts may argue that they could not have moved forward with the projects but for the cost savings achieved by awarding the contracts to Chinese companies. The cost-savings are so large that localities are awarding the contracts to Chinese companies even though this means they must forego stimulus money from the federal government. It should also be noted that although many jobs relating to these projects are being created in China, these projects are also creating many construction jobs in America relating to the on-site assembly of component parts, pouring of concrete, etc.

In addition to the debate about job creation, other concerns have been expressed regarding the long-term quality and durability of the materials and craftsmanship provided by these companies in light of recent problems involving the Chinese construction industry (including the collapse of a newly constructed [13-story Shanghai apartment building](#) in 2009, a large [train accident in 2011](#) calling into question the quality of China's recently constructed high speed rail network, and [long-running litigation](#) stemming from the use of toxic "Chinese drywall" in reconstruction following Hurricane Katrina).

It remains to be seen whether the short term cost savings associated with awarding these contracts to low-cost Chinese construction companies outweighs the potential long-term costs of doing so.