State Roads to Economic Recovery: Policies, Pavements, and Partnerships

Panel Discussion: Tools for Efficient State Investment

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February 25, 2011
The Challenge

• There is tremendous pressure, compounded by balanced budget requirements, to focus on immediate needs at the expense of long-term investments.

• Cuts in critical long-term investments (education, infrastructure, healthcare, environmental quality) put the future—American wages, productivity, and standards of living—at risk.
The Short- and Long-Run Fiscal Problem
(Percentage of GDP)

Source: GAO
States Are the Nation’s Chief Investment Officers

State and Local Infrastructure Spending
(Percentage of Total Public Spending)

Note: Overall, Higher Ed, and Primary/Secondary Ed Data are for 2007 and refer to direct expenditures only; Infrastructure data refer to 2004. Source: OECD, GAO.
Inadequate Infrastructure

Source: Texas Transportation Institute
Principles for State and Local Investment

- Prioritize investments for the future.
- Use existing resources more efficiently.
- Invest efficiently.
- Increase transparency and accountability.
February 2011 Hamilton Project Discussion Papers

Andrew Ang and Richard C. Green
“Lowering Borrowing Costs for States and Municipalities Through CommonMuni”

Eduardo Engel, Ronald Fischer, and Alexander Galetovic
“Public-Private Partnerships to Revamp U.S. Infrastructure”

Matthew E. Kahn and David M. Levinson
“Fix It First, Expand It Second, Reward It Third: A New Strategy for America’s Highways”