



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

Panel Discussion: Tools for Efficient State Investment

Michael Greenstone

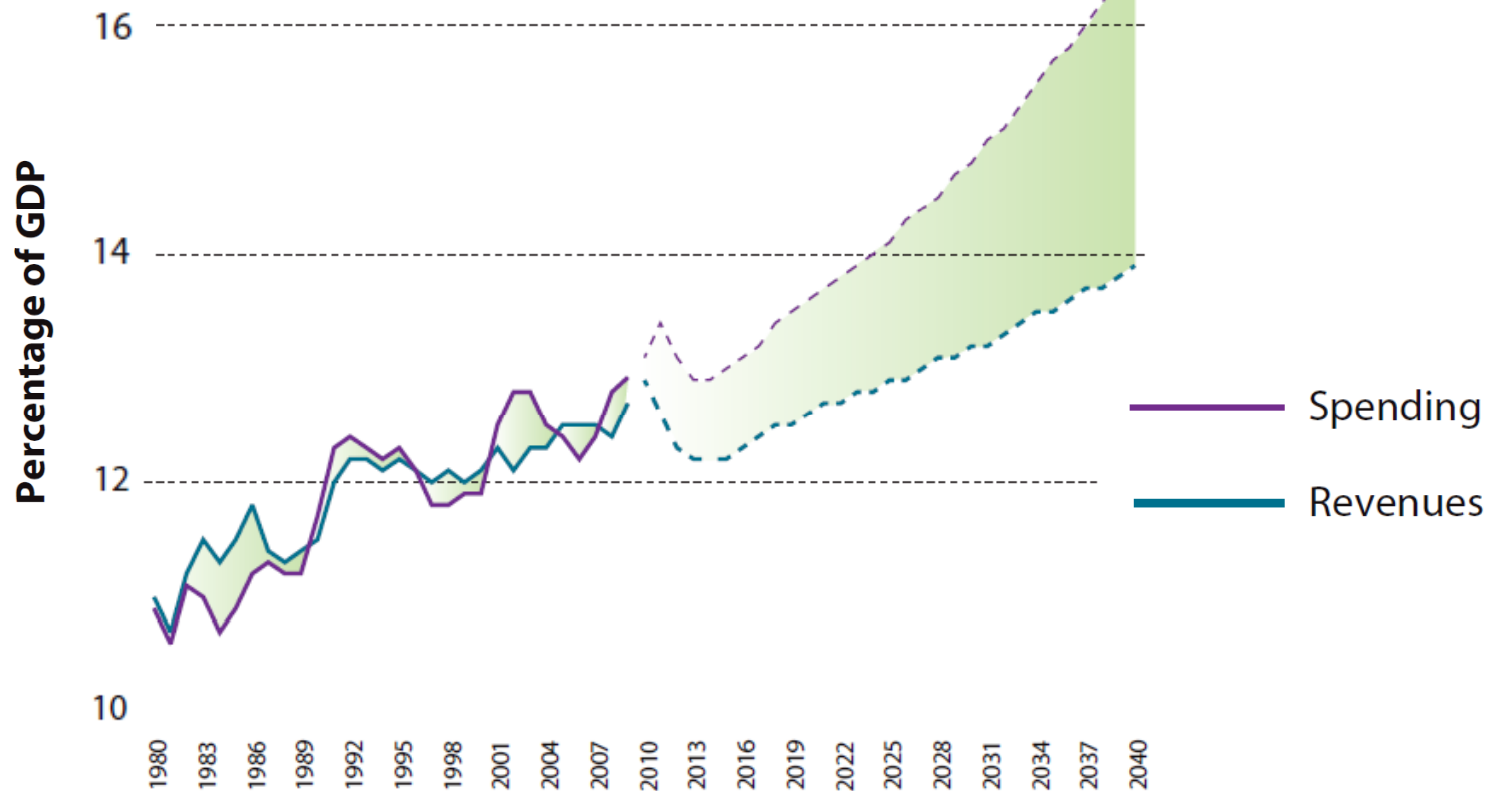
Director of The Hamilton Project and
Senior Fellow at the Brookings Institution
3M Professor of Environmental Economics, MIT

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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.

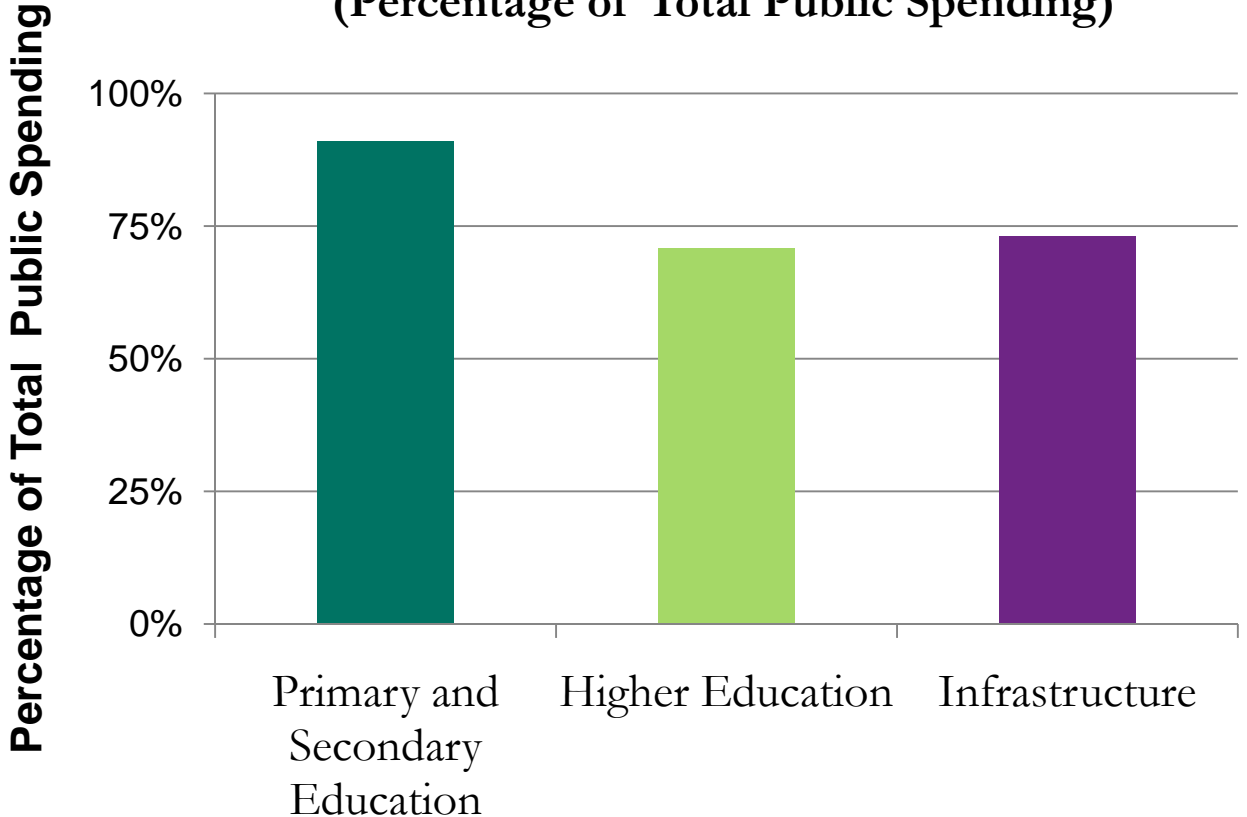
The Short- and Long-Run Fiscal Problem (Percentage of GDP)



Source: GAO

States Are the Nation's Chief Investment Officers

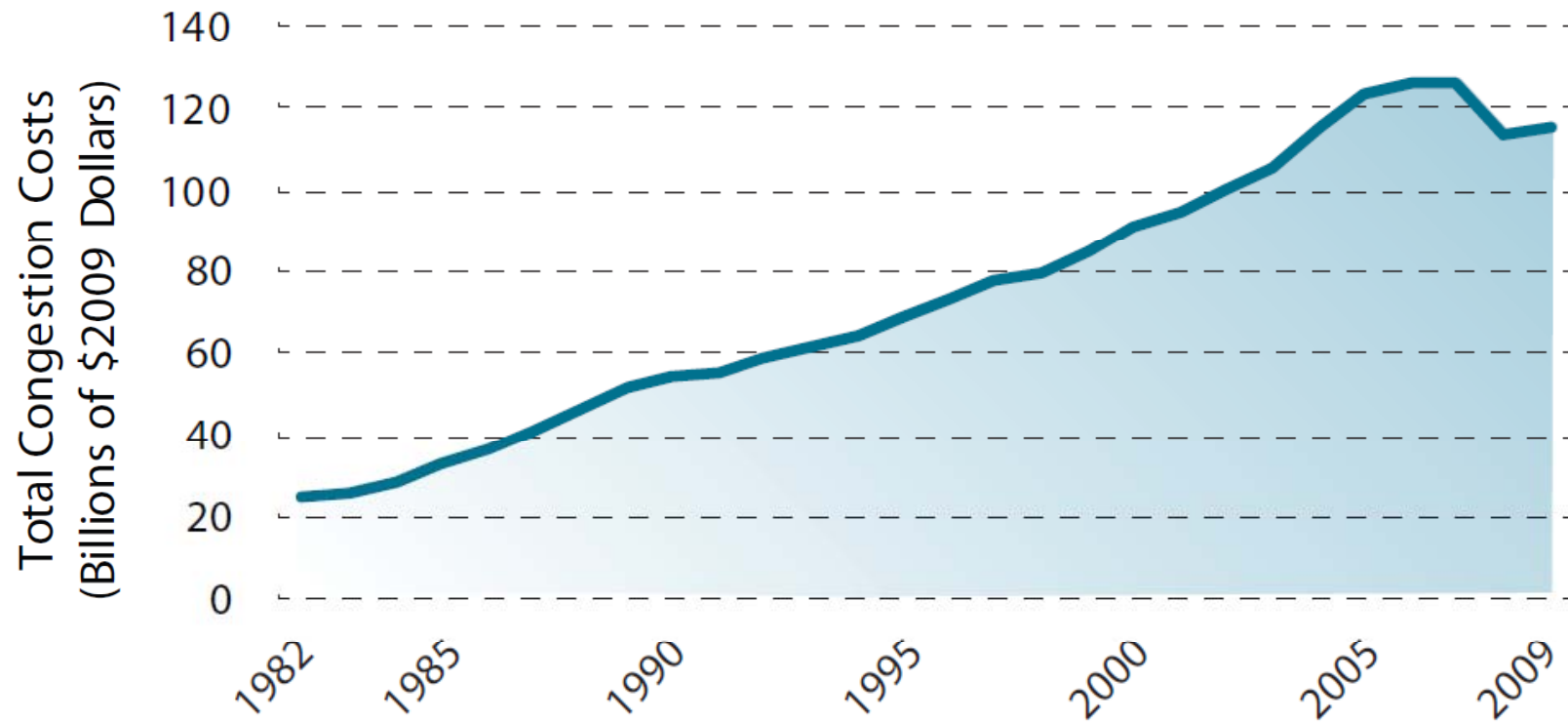
State and Local Infrastructure Spending (Percentage of Total Public Spending)



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”