Notable & Quotable: Infrastructure Isn’t Always Stimulating

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ENLARGE

A highway in Tokyo. *Photo: Bloomberg News*

Edward L. Glaeser in “If You Build It . . .” from the summer issue of the Manhattan Institute’s City Journal:

Building infrastructure is no surefire way to stimulate economic growth, as Japan's example shows. . . . Per-capita GDP, in constant U.S. dollars, was no higher in 2009 than in 1991, according to OECD data. The Japanese economy picked up slightly this year, but it's fair to say that Japan has lost a quarter-century of growth.

To help fight this economic sluggishness, Japan has invested enormously in infrastructure, building scores of bridges, tunnels, highways, and trains, as well as new airports—some barely used. The New York Times reported that, between 1991 and late 2008, the country spent $6.3 trillion on "construction-related public investment"—a staggering sum. This vast outlay has undoubtedly produced engineering marvels: in 1998, for instance, Japan completed the Akashi Kaikyō Bridge, the longest suspension bridge in the world; just this year, the country began providing bullet-train service between Tokyo and the northern island of Hokkaido. The World Competitiveness Report ranks Japan's infrastructure as seventh-best in the world and its train infrastructure as the best. But while these trillions in spending may have kept some people working, no one can look at the Japanese numbers and conclude that the money has ramped up the growth rate. Moreover, the largesse is part of the reason that the nation now labors under a crushing public debt, worth 230 percent of GDP. Japan is less, not more, dynamic after its infrastructure bonanza.