Comments on Measuring Infrastructure in the Bureau of Economic Analysis National Economic Accounts

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November 2021

This is a Heroic Stride Forward in the Measurement of Infrastructure

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- depreciation is hard to measure
- and so are prices

Comments in Three

1. Why do we care?
2. Puzzle 1: BEA "quantity" does not look like spending per mile
3. Puzzle 2: Spending per mile does not look like other prices
4. Where do increases go?

1. Why Do We Need Good Measures of Infrastructure?

Good measures of infrastructure help us

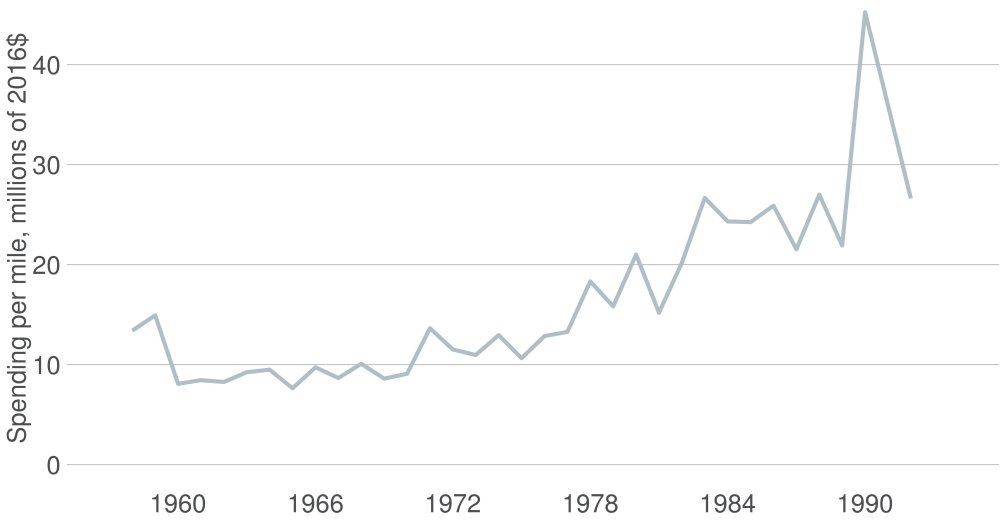
1. To understand and predict growth, if infrastructure is a key input into growth
2. To evaluate claim that US infrastructure is wanting
3. To evaluate potential value-added from additional government investment

Hendren and Sprung-Keyser, 2020

2. Puzzle 1: BEA "Quantity" Not Like Spending per Mile

- Zach Liscow and I show a **large** increase in spending per new Interstate mile
  Brooks and Liscow, forthcoming
- BKSW show relatively flat total spending over time, even as population declines
- These need not follow the same path, but their deviation is noteworthy

Spending Per New Interstate Mile Increases



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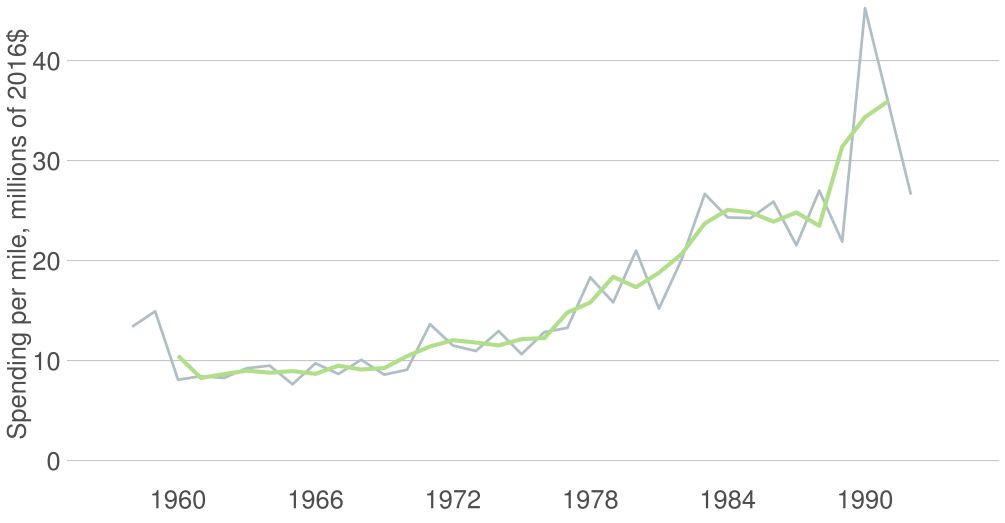

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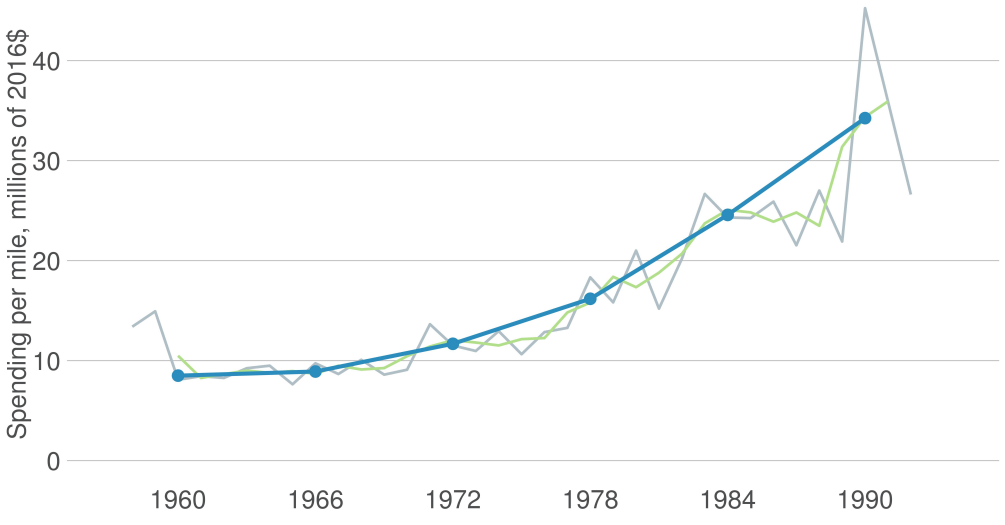

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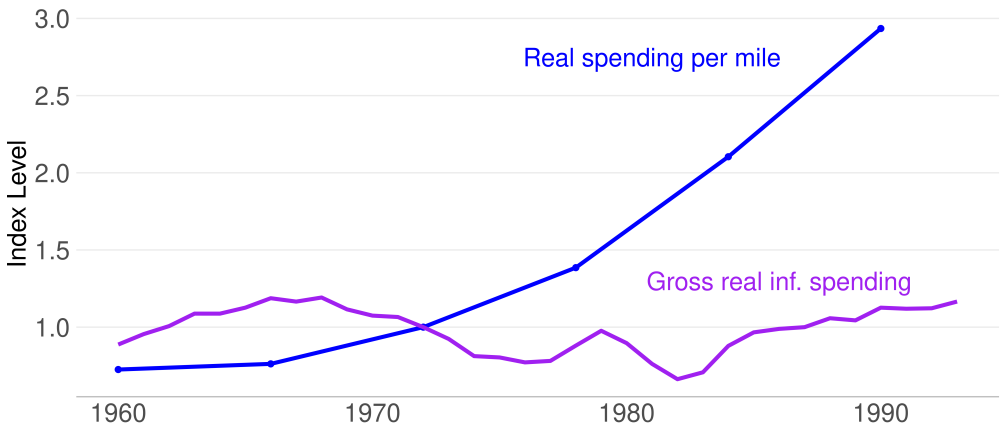
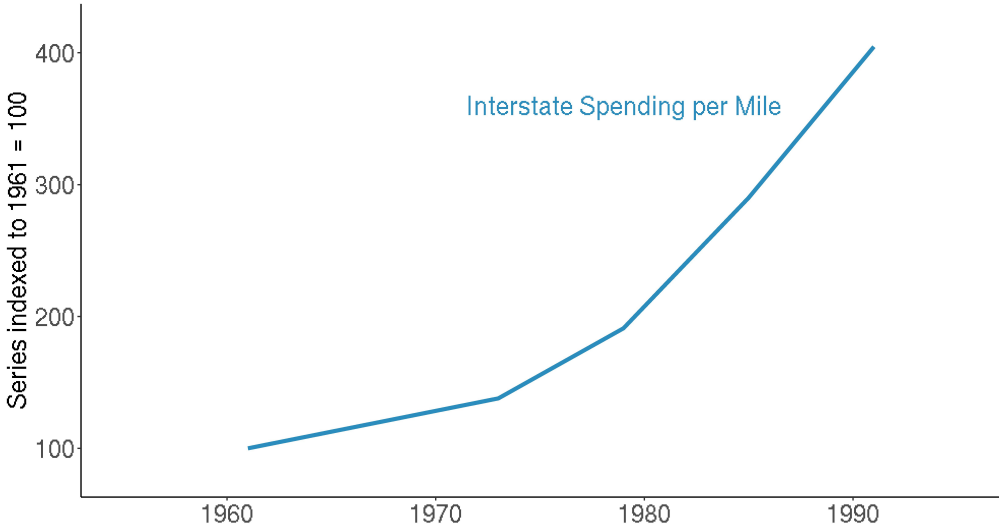
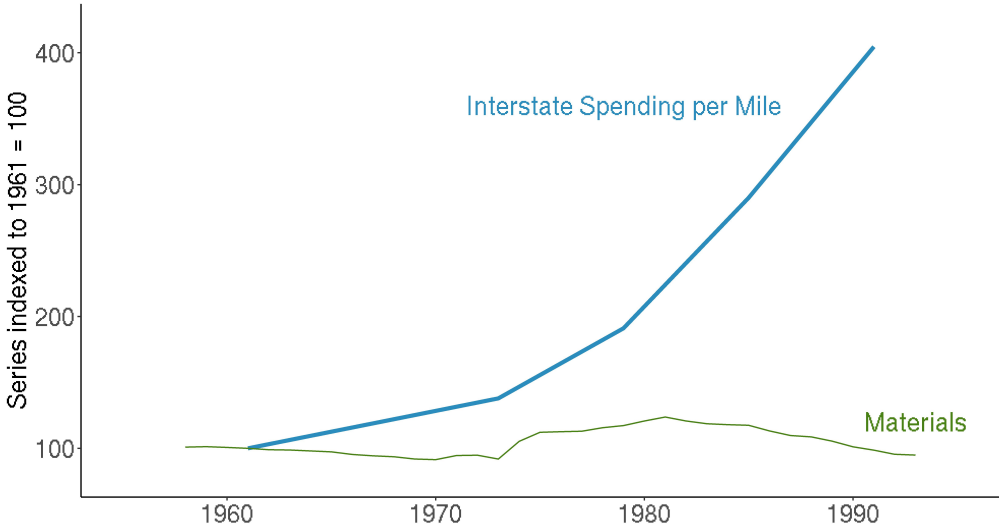


3. Puzzle 2: Per New Mile Spending Increase, No Price Increase



So, Not Because We are Paying More Per Unit of Input



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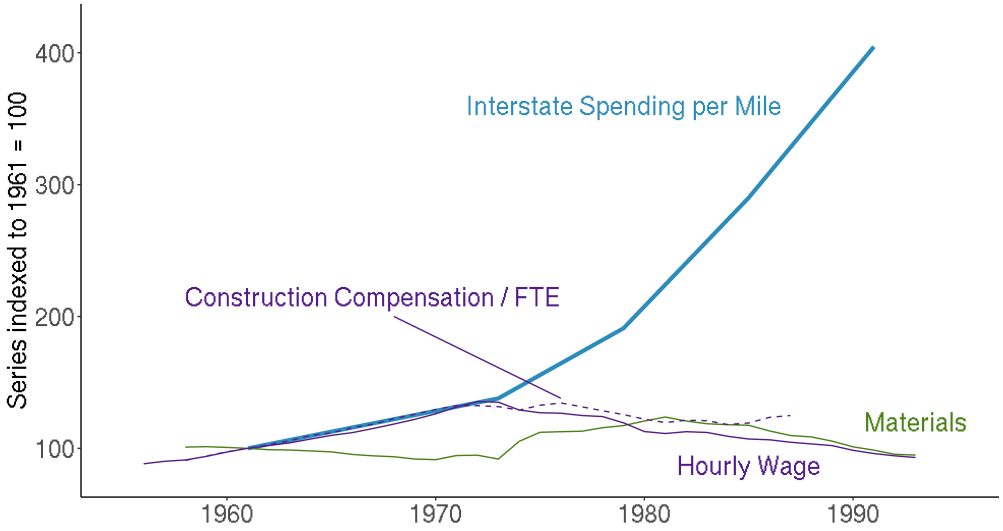
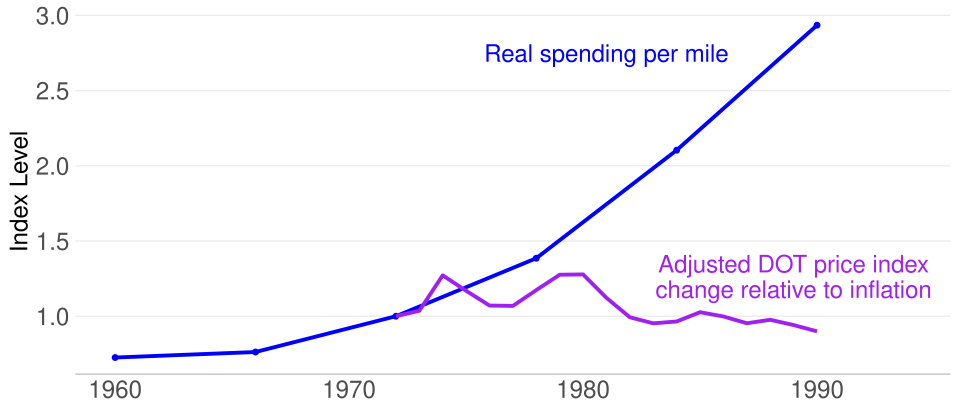


Real Spending Per Mile Increases More Than DOT Price Index



3. So Where Is The Money Showing Up?

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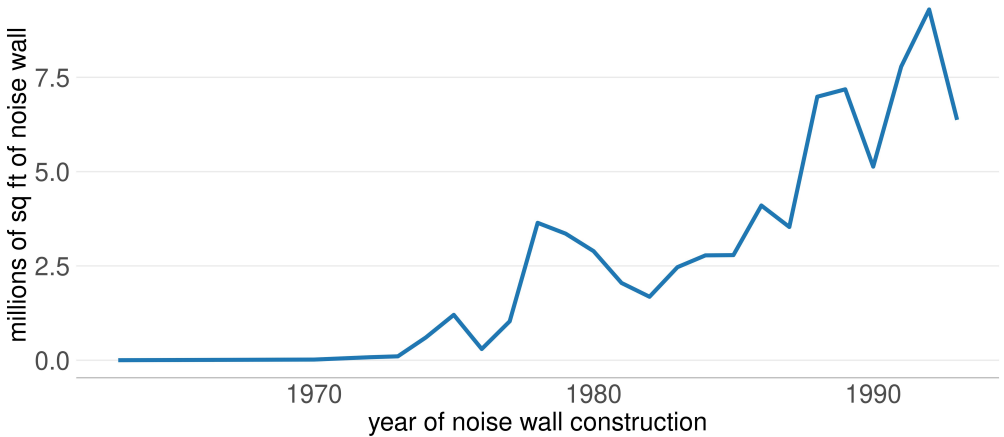
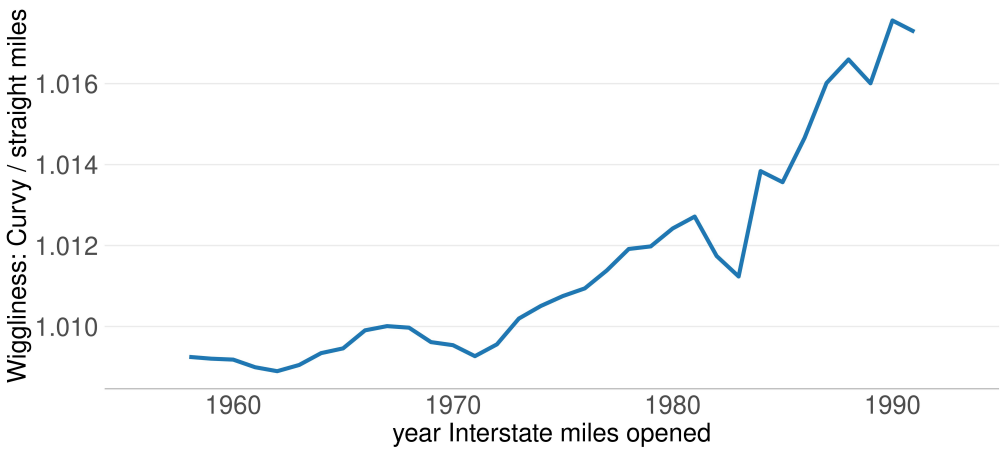


Where Else?

Where Else? Curvier Roads



Thinking Broadly: How Do We Interpret Capital Stock Over Time?

- Our work suggests that a real 1970 dollar buys more than a real 1990 dollar
- Deflating with input prices does not capture this difference
- If the goal is to give a measure of the physical stock, this is a concern
- Should the measure of stock be additionally deflated? If so, how?

Thank you!