

NWAOnline.com

Infrastructure key, economists say

By [Stacey Roberts](#)

Thursday, March 18, 2010

FAYETTEVILLE — Arkansas' crumbling infrastructure needs to be addressed if the state wants to capitalize on the economic recovery when it comes, economists and state officials told those assembled for a teleconferenced breakfast briefing Wednesday.

The Arkansas Economics Issues Breakfast hosted Wednesday by the Center for Business and Economic Research at the Sam M. Walton College of Business, University of Arkansas at Fayetteville, is part of a statewide teleconference between seven locations to discuss encouraging economic development in the state.

"Growth is based on capital stock within the state, the things that provide interconnectedness in a community," Michael Pakko, state economic forecaster with the Institute of Economic Advancement. "We want to make sure we are providing the most efficient infrastructure we can to encourage business development." A new component of infrastructure is the availability and affordability of broadband Internet capability for the majority of the state's population, much like telephone access was important in the early 20th century, said Michelle Stockman, broadband entrepreneurship program director at Arkansas Capital Corp.

Modern business and some government functions are conducted via the Internet, she said.

"We are actually stunting national economic growth because our available bandwidth is not what it needs to be," Stockman said.

Jim McKenzie, executive director of Metroplan, a regional economic-planning organization for the Little Rock area and a member of the Blue Ribbon Committee on Highway Finance, stressed the need for new sources to fund highway construction and maintenance across the state.

Arkansas relies heavily on gasoline taxes as a funding source, McKenzie said. But as the federal government begins demanding cars with higher fuel mileage, more hybrid vehicles and possible alternative-fuel vehicles, the amounts collected from gasoline taxes will naturally fall with the reduced consumption of gas, he said.

Most of the highways in the state and country were designed for 20-year life spans, but governments are attempting to maintain those roads for multiple lifetimes, he said.

Arkansas is expected to receive about \$379.5 million for improving highway and safety mobility from the American Recovery and Reinvestment Act, said Keesa Smith, deputy reinvestment officer for the office of Gov. Mike Beebe.

Kathy Deck, economist and director of the Walton school's business center, said on the national level, gross domestic product is anticipated to grow at a rate between 3.1 percent and 3.3 percent over the next three quarters and inflation remains in check while the Federal Reserve keeps interest rates low.

To contact this reporter: sroberts@arkansasonline.com

Business, Pages 23 on 03/18/2010