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**Title: ON THE ECONOMIC AND FISCAL EFFECTS OF INVESTMENT IN  
ROAD INFRASTRUCTURES IN PORTUGAL**

Theme: I. Infrastructure, transport, mobility & communication

The objective of this paper is to investigate the economic and fiscal impact of road infrastructure investment in Portugal, focusing on the effects for each region of both local investments and investments in other regions. We estimate VAR models for the national economy as well as for each of the five administrative regions in the country. Empirical results suggest that investment in road infrastructures has been a powerful instrument to increase private investment, new permanent jobs and to promote long-term growth in all regions. More importantly, investment in road infrastructure, both at the aggregate level and for each one of the five administrative regions, generates fiscal effects that largely exceed the initial investment itself. Accordingly, there is no trade off in the long-term between the potentially positive economic effects and the potentially negative budgetary effects of such investments, i.e., both economic and budgetary effects are positive. As a corollary, policies that would reduce current road investment as a response to the current budgetary concerns will result in lower long-term growth as well as worse future budgetary conditions.

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## BOOK OF ABSTRACTS

