

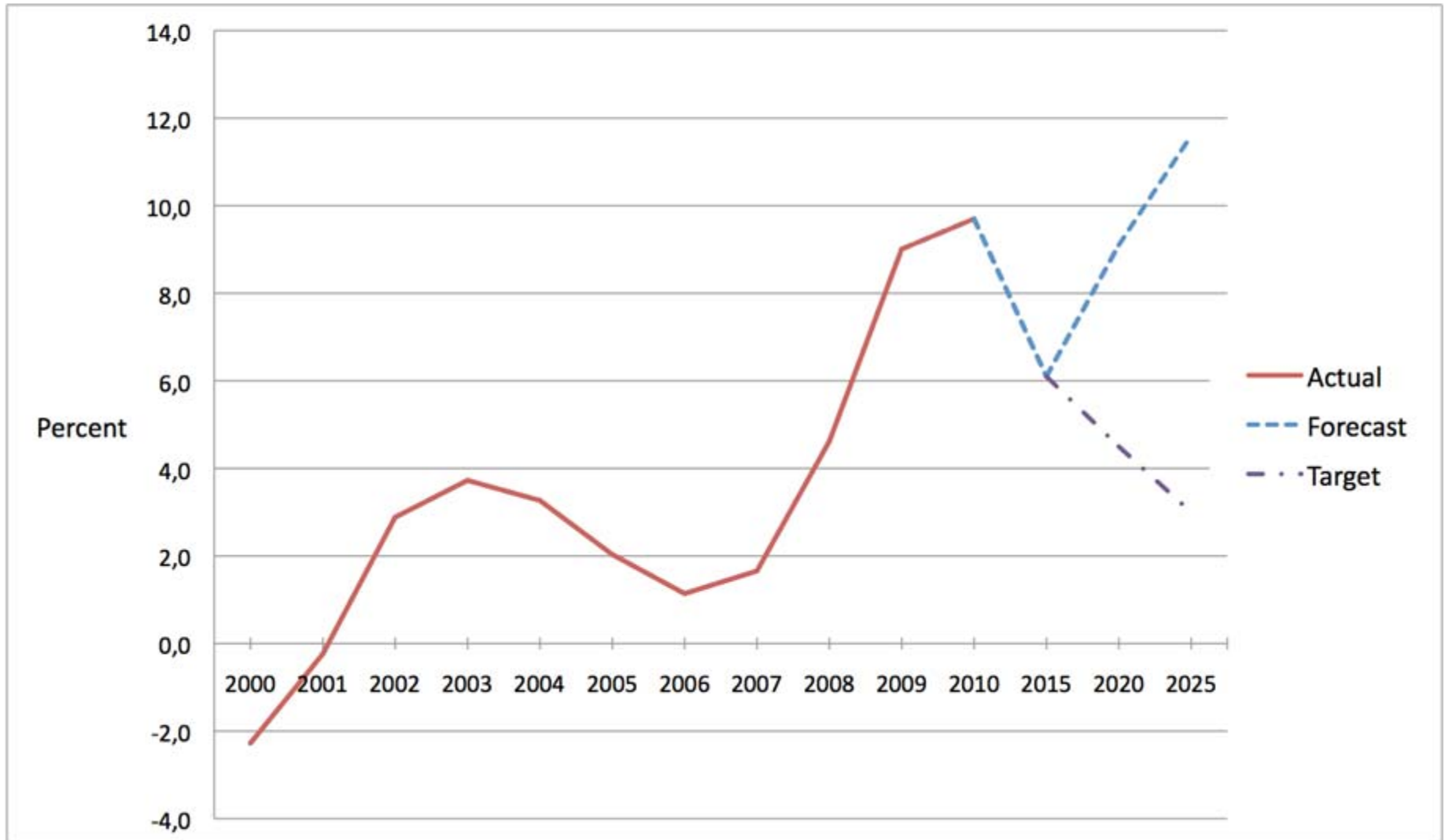
LTIC Venice Forum
Towards a Sustainable Future:
The Role of Long-Term Investment

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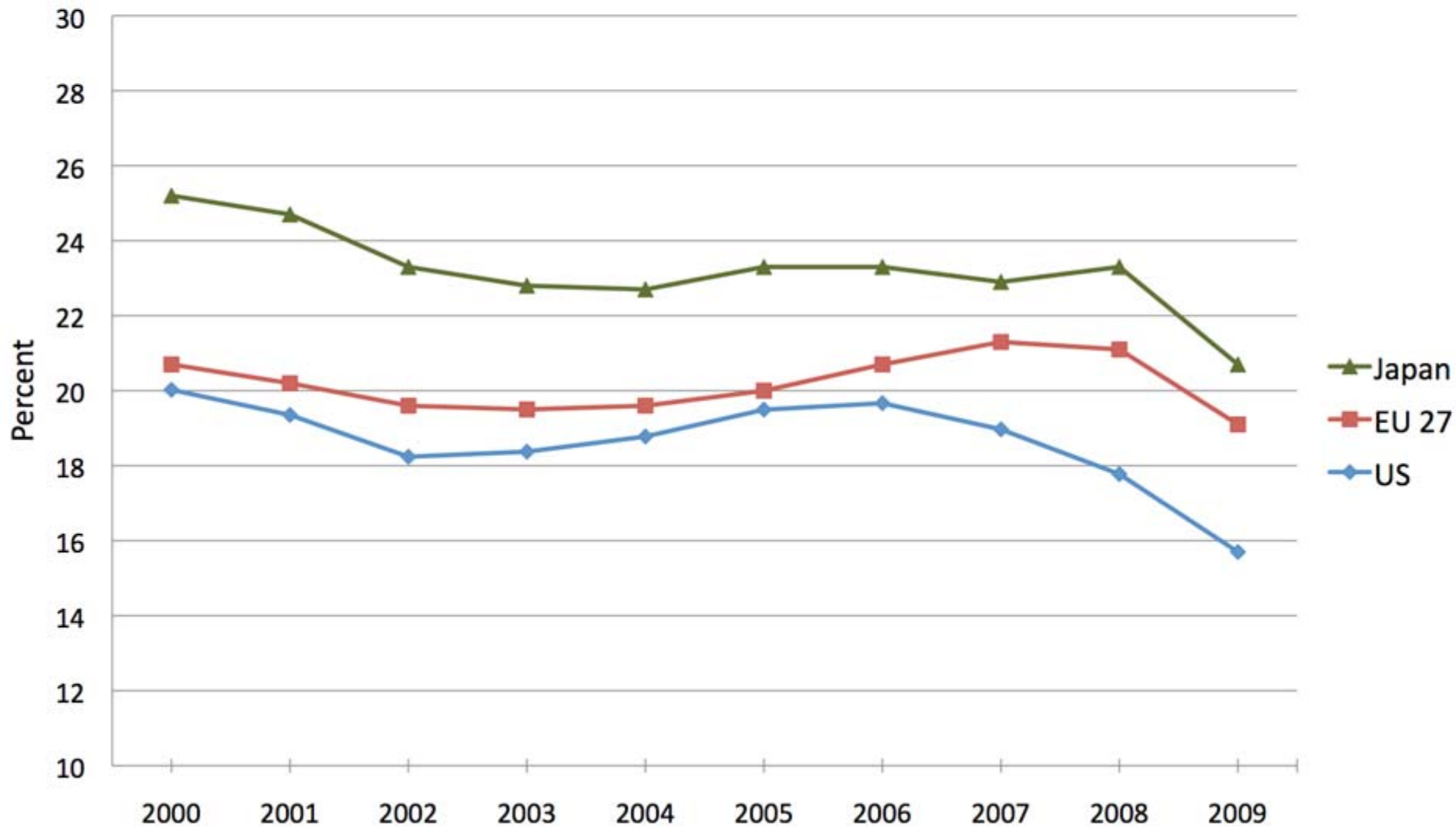
US Federal Deficit as a Percent of GDP 2000 to 2025: Forecast



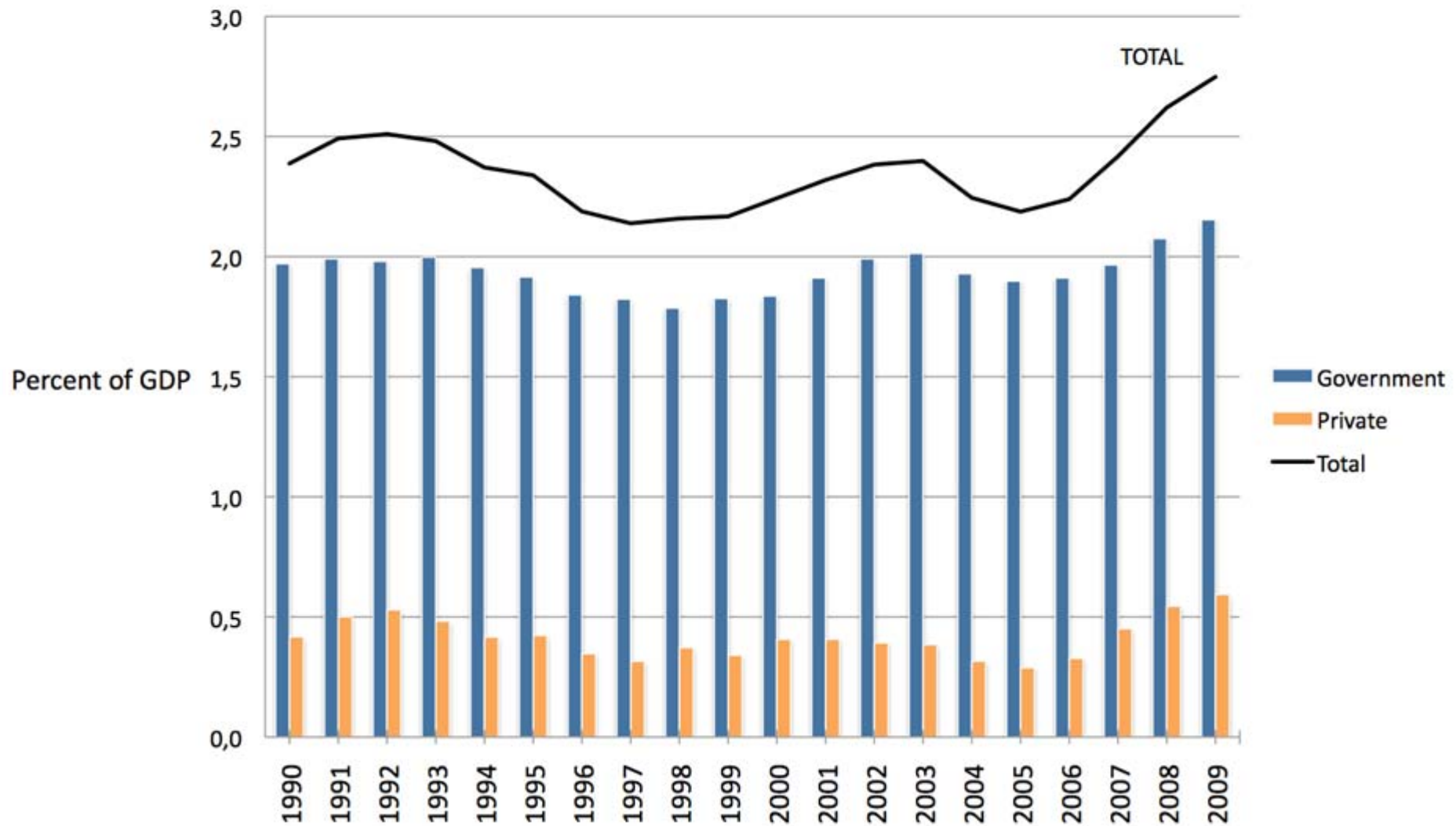
Diagnosis

- Federal deficit should be cut by at least 3% of GDP from the forecast 2015 level, namely 6% + of GDP.
- Private money-making investment outlays should increase by at least 3% of GDP - both to fill the gap and to lay the foundation for further growth.
- The EU faces the same challenge.
- The reconciliation answer has three parts:
 - Public-private partnerships for traditional infrastructure
 - Public investment in clean energy
 - Tax cuts to boost corporate investment

Total Investment Expenditure as Percent of GDP 2000 to 2009



Investment in US Infrastructure 1990 to 2009: Percent of GDP



New Investment Opportunities 2010 to 2020

Billions of US\$

Increase in traditional Infrastructure	2,400
Serious clean Energy	800
More corporate Investment	1,000
Total over 10 years	4,200
Annual average	420
Annual average as % of GDP	2.7%

- **Increase in traditional infrastructure:**
Highways, roads, transportation & energy
- **Serious clean energy:**
Nuclear, solar, wind & biofuels
- **More corporate investment:**
Assumes tax rate of 24%

Statutory Effective Corporate Tax Rates for Systemically Important Countries

	Statutory Corporate Tax Rates, 2009	Marginal Effective Corporate Tax Rates, 2009	Average Effective Corporate Tax Rates, 2008
United States	39.1	35.0	27.9
EU*	29.3	26.8	18.7
Canada	31.3	28.0	23.9
Japan	39.5	33.5	33.9
China, P.R.	25.0	16.0	6.3

*EU represents an average for France, Germany, Italy, Netherlands, Spain and the UK

Policy Recommendations

- Open huge swaths of traditional infrastructure to public-private partnerships.
- Use taxes or controls on CO₂ to boost returns to clean energy projects.
- Slash corporate tax rates by at least 5 percentage points.