

# InfrastructureUSA

## Guest on THE INFRA BLOG

**Thierry Geiger, Economist & Associate Director, Centre for Global Competitiveness and Performance**

**Conversation with Steve Anderson, Managing Director, InfrastructureUSA**

**Thierry Geiger:**

### **U.S. rank in The Global Competitive Report**

Basically what we're seeing for the U.S. assessment of competitiveness is a decline when it comes to infrastructure. We've been using the same methodology for the past seven years. And what we're seeing is that the U.S. has been falling in the rankings of the infrastructure dimension and it's really across the board, across all modes of transportation. If you look, for example, at the quality of roads, the U.S. still ranks quite high. They ranked 20<sup>th</sup>, for example, in the road aspect. But back in 2007, they were number 8. So that's quite a big drop. Now if I look at quality of air transport infrastructure, this is where they ranked the lowest across all modes of transport. So they ranked 31<sup>st</sup>, and back in 2007 the U.S. ranked number 9. So that's pretty significant, again.

So what we're seeing is that other countries are actually catching up, and the U.S. is losing ground against itself, if you will. It's losing some of its competitiveness. But it's not necessarily at the expense of the others, but yes, other countries are actually improving. They are building more infrastructure; they are doing better. But it doesn't mean that it's at the expense of the U.S. It's just the U.S. is losing ground.

### **Implications of the decline**

Well, infrastructure is one of the foundations of a competitive economy. In fact, the infrastructure category in our global competitiveness index is among what we call the "basic requirements of competitiveness," so one of the four categories – along with institutions, health and education, macroeconomic environment – which are really the basic drivers of competitiveness for all the countries around the world; and our message is if you don't get these basics right, it's really hard to be competitive. And that's true for the least advanced economies of Sub-Saharan Africa and developing Asia. But also for the most advanced economies. And this decline in the state of infrastructure in the U.S. is certainly a concern for U.S. competitiveness going forward.

### **Is the U.S. declining in other areas as well?**

Indeed we are observing a decline in several other categories. It won't be a surprise that the U.S. is losing ground in the macroeconomic environment, because of deepening deficits and burgeoning debt. The macroeconomic environment again is one of the twelve tiers of our index. And there we see deterioration; they rank number 90 now. In other dimensions such as the functioning of the government and public institutions in general, we do observe also a downward trend. And for the rest, well, we also observe degradation in the financial sector pillar – which is also a dimension of our index – which is not a surprise either.

On the other hand, we do observe quite positive results in the U.S., they rank number 5 overall, which is an outstanding performance. They're still one of the world's powerhouses. The innovation powerhouse, very sophisticated businesses, and very efficient market, labor and goods market. So, no doubt the U.S. enjoys major advantages. But yet, the trends, generally speaking are rather negative; and in fact when you look at the past five years the U.S. among all the countries that we cover, and we cover over 140 countries, the U.S. is the country that has lost the most in terms of it's score. So the biggest score drop across all the countries in the study. So that's a pretty impressive result.

### **U.S. Competitiveness**

It won't surprise anyone that the U.S., is again one of the leading countries when it comes to higher education, when it comes to innovation, and excellent capacity to innovate the very close ties between the academic world and the private sector, very high level of patenting in terms of per capita basis in absolute terms. The thing is, the U.S. is still considered one of the most competitive economies in the world and people should not say that the U.S. has lost the battle. It's just what we're doing is we're raising flags and ringing alarm bells about some negative trends that should be addressed. Here in the U.S. the macroeconomic indicators and the issue of the debt, public debt deficit, the infrastructure issue is at the top of the agenda and I think that one of the good things is that at least everybody is aware of these issues and they're trying to address them. It's no time to be complacent but I think that the U.S. is no longer complacent. They realize that they need to reinvent themselves. That there's a need to think about how to generate new growth, quality growth, and yeah – I think that the crisis of 2008 was really a wake up call.

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