

Towards affordable regional infrastructure

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Modern societies have failed to find affordable ways to fund needed infrastructure. Problems have multiplied from ignoring the particular characteristics of infrastructure and assuming the adequacy of the conventional finance of recent times, be this publicly or privately sourced. These failures, compounded by insensitive monetary stances, have led to a lingering economic and financial malaise, one particularly evident in some regions. They have also contributed to the development of the current global crisis.

Issues of infrastructure affordability are central in this paper. A line of argument which explicitly acknowledges that infrastructure and like investments alter structures and capabilities regionally and otherwise is initially proposed. Issues of affordability, investment and credit are then canvassed with simple numerical illustrations used to highlight important aspects of debt financing. Interest rate and other movements over decades can generate significant debt servicing issues, and crises.

A new economic and financial era may well be emerging from current crises. Its foundations and eventual success will be well established and supported if the peculiarities of various forms of investment, including infrastructure, are adequately recognised and planned for. Better efforts to understand and accommodate the infrastructure affordability problem are called for, along with changes to monetary and other policies.