

## Promoting a Wise Fiscal Policy: Proven Tools for Growing Oklahoma's Economy

Certain fiscal tools have proven historically to be more effective at growing a state's economy. By using tools that invest in Oklahoma's people and infrastructure, policy-makers can better assure a prosperous future. Oklahomans deserve fiscal policy that is better than just OK.

### FIVE PROVEN FISCAL TOOLS FOR GROWING OKLAHOMA'S ECONOMY

#### 1 Invest in Public Infrastructure.

Investment in public infrastructure such as roads and bridges lowers private sector production costs increasing state economic growth. Economist Ronald Fischer found reviewing the research on the effect of state services on economic development that investment in highways and roads had a significant impact on state economic growth.

#### 2 Assure Access to Quality Healthcare.

A healthier workforce is a more productive workforce. Healthy workers take fewer sick days, decrease healthcare costs, and have greater stamina both mental and physical. Research by economists David Bloom and David Canning indicated that a 5-year advantage in life expectancy would result in 0.3 -0.5 percent more rapid economic growth per year.

#### 3 Provide Broad Access to Education.

Education increases labor productivity and provides workers with the skill sets necessary for higher wage jobs. Harvard economist Edward Glaeser and Albert Saiz from the University of Pennsylvania have found that investment in human capital – people's skill and knowledge – has a profound effect on economic growth. Also, the two economists found that areas with greater skill levels are more adept at adjusting to economic change

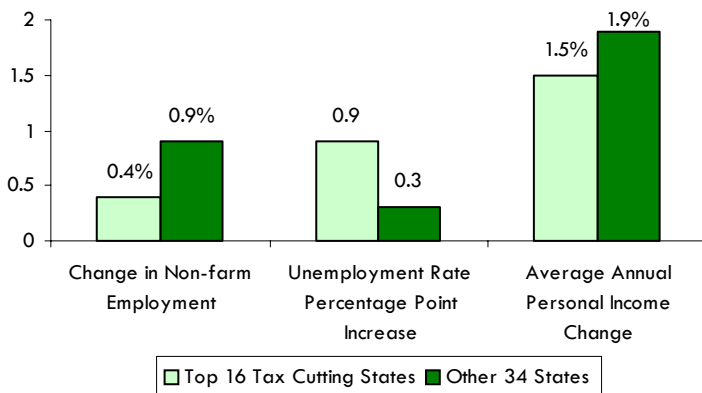
#### 4 Create a Climate Supportive of Entrepreneurs and Technology-based Businesses.

Technological innovation and entrepreneurship are primary engines of economic growth. A study by CFED found that well– designed state incentive and support programs for entrepreneurs and technological innovation increased productivity and wealth in a state.

#### 5 Guarantee State Revenue Security.

A fiscal policy that consists of cutting taxes during economic expansions and issuing bonds and raising taxes in downturns leaves the state vulnerable to economic fluctuations. A report by the Center on Budget and Policy Priorities found that states that had disturbed revenue streams the most during the boom years of the late 1990's experienced far greater fiscal hardship and budget shortfalls during the 2001 recession and the years following.

Figure 1: Secure State Revenue Streams Protect Against Economic Storms, Average Economic Performance of States from 2001 to 2006



For further information on efficient and effective fiscal policy tools, visit:  
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