



The Real Path to State Prosperity

By making investments in human and physical capital that increase the productivity of workers and the local economy, a state can build a powerful economy that generates steady income growth for working people. Such a strategy is far better suited to increasing broadly shared prosperity, and sustaining it, than are policies that seek to boost corporate profits by reducing wages or by cutting corporate taxes and reducing the resources available for investments that improve productivity. Yet many of the business climate rankings give states high grades for policies that increase corporate profits regardless of the negative effects of those policies on the overall economy.

The Importance of Productivity, Wages, and Shared Prosperity

Shared prosperity means improving the standard of living of the average citizen—ensuring that when people work hard they can afford what they need and build for the future. Doing so ultimately depends on raising productivity. If that growth is to be sustainable and broadly shared, then it requires strengthening state investments in education, infrastructure, and health care. [Read more](#)

How Education & Job Training Boost Productivity

Raising the education level of a state's workforce boosts productivity and incomes. Higher education levels are also associated with technological advances and entrepreneurial development, which are important sources of growth in productivity and jobs. [Read more](#)

Investments in Infrastructure Bring High Returns

Public infrastructure investment in things like roads and bridges, airports, and water treatment facilities generates high returns. It boosts productivity and spreads the benefits of growth broadly. [Read more](#)

Healthy Workers Are More Productive

Health problems are a serious drag on economic productivity. Improving workers' health reduces absenteeism and under-performance at work, and increases labor force participation. [Read more](#)

Innovation and Entrepreneurial Activity Are Key to Economic Growth

Innovation is a major source of increased productivity and much of it occurs through business start-ups. States have important, if limited, roles to play in spurring innovation and entrepreneurialism. [Read more](#)

Making Sure Productivity Gains Lead to Higher Wages

States have important roles to play in ensuring that the gains in prosperity from increased productivity are shared broadly, raising the incomes of low-wage and middle-class workers. [Read more](#)