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Public Infrastructure Investment and Regional Economic Development: A Review of U.S. Strategies for Stimulating Growth in Economically Distressed Areas

***Gideon Oduro*[1] *and Jehu Emefa Nii-Laryea Laryea*[2]**

[1]*Ohio University*

[2]*Department of Business Administration, University of Professional Studies, Ghana*

Abstract: Public infrastructure investment is a crucial factor in the economic growth of regions and an essential process of local growth in the economically disadvantaged regions of the United States. This paper provides a thorough analysis of both theories and empirical research on the short and long-term effects of infrastructure, specifically, transportation, broadband, energy, and investment in public facilities, and analyzes their productivity, employment, and equity consequences in the region. Empirical studies reveal that infrastructure projects have significant short-run multipliers because they stimulate demand and create jobs, and at the same time, provide long-run benefits by increasing efficiency, increasing trade opportunities, and improving the quality of life. The review recognizes that the results vary across regions, which is highly influenced by the local socio-economic factors, such as the urban density, underused assets, and institutional capacity. The place-based policy frameworks, including the Promise Zones and the Infrastructure Investment and Jobs Act (IIJA, 2021), highlight the need to tailor investments to the needs of the communities. However, ongoing challenges stem from structural disadvantages and politicized fund distribution. The analysis underscores the importance of complementary measures, such as risk management, regulatory compliance, and transparency, to ensure investments are sustainable and equitable. Finally, infrastructure investment may be a decisive factor in making the economy more resilient. However, its ability to reduce spatial inequality hinges on careful planning and context-sensitive design.

Keywords: Public infrastructure, regional economic development, place-based policy, spatial inequality, economic multipliers, regional disparities.

INTRODUCTION

Public infrastructure investment serves as a key driver for regional economic development and a specific tool for fostering growth in economically struggling communities across the United States. The wealth and vitality of a region are primarily determined by the quality and accessibility of essential infrastructure, which includes basic systems (e.g., transportation) and broader built environments (Gansauer *et al*., 2023; Mahmud *et al*., 2025). These foundational investments are widely recognized for their potential to enhance mobility, promote entrepreneurship, and drive broader economic growth (Mahmud *et al*., 2025). This paper reviews the literature on the connection between public infrastructure investment and regional and local economic development, with particular focus on US policies aimed at revitalizing and growing distressed regions (Ratnayake, 2025).

This is supported by numerous empirical studies showing a strong link between investments in public infrastructure and improved regional economic performance (Bhattacharyya & Hastak, 2021). Even major infrastructure projects, such as highways and roads, focus on short-term gains, while long-term impacts are more varied. The long-term effectiveness of infrastructure in promoting economic development relies on several factors that can produce different outcomes, often showing no consistent reduction in the spatial inequality of lagging regions (Kandera and Pillai, 2020). There are also potential construction and co-benefits that can help generate development advantages throughout a region over time (Munday *et al*., 2023).

The scale and duration of benefits from infrastructure investment are heavily influenced by local conditions, resulting in varied outcomes across regions (Gansauer *et al*., 2023). Regional disparities and different contributions to overall growth have been documented (Garcilazo *et al*., 2020), and the effectiveness of fiscal stimulus is often higher during periods of economic recession (Auerbach *et al*., 2022). These trends also demonstrate the significance of strategic targeting, since the policies that are tailor-made to fit local conditions have a higher probability of producing strong and sustainable economic results (Suthari & Mohan, 2025; Benneh, 2025).

The policy and academic discourse are increasingly centered on place-based infrastructure targeting, with widespread debate about the need for such an approach. On the federal level, the government can encourage urban development by

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***Corresponding Author:** Jehu Emefa Nii-Laryea Laryea

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programs like federally-supported Promise Zones, which are already being tested. Some development, characterized by low unemployment and poverty reduction, will likely follow quickly (Bryant 2025). Similarly, some public works projects funded under the 2009 American Recovery and Reinvestment Act corresponded with local employment recoveries in distressed areas (Tung *et al*. 2024). The federal government has facilitated the economic growth of depressed regions (Doamekpor & Beckett 2015), and policies that help certain demographics to have more jobs have enhanced the rate of job creation in the distressed regions (Bartik 2021). However, the distribution of stimulus funding can be influenced by political connections, which may limit its potential for maximum job creation (Choi *et al*., 2021). This review, therefore, synthesizes recent academic literature to evaluate how public infrastructure investments shape regional development in distressed U.S. areas, focusing on the mechanisms of economic impact, the role of local conditions, and the effectiveness of targeted policy approaches.

LITERATURE REVIEW

This section offers a comprehensive overview of existing academic research on the connection between public infrastructure investment and regional economic development, with a specific focus on strategies employed within economically distressed areas of the United States. The review is organized by theme, critically examining previous work, identifying research gaps, and establishing the theoretical and empirical foundation for understanding this complex relationship.

Theoretical and Empirical Foundations of Infrastructure Investment

The argument of the public infrastructure investment in driving the economic development of regions is based on the fact that this investment improves productivity, promotes trade, and reduces transaction costs, which in turn boosts productive economic activity (Haynes & Chen, 2017). While these mechanisms are well established in the literature, their effective economic outcome differ substantially across regions depending on local environmental conditions. Expenditure on transportation infrastructure, for instance, is expected to enhance logistics, improve economic efficiency, and attract investment through regional integration, while also facilitating uninterrupted resource supply and promoting high-quality economic growth (Shi *et al*., 2024). Empirical literature has tended to focus on short-term economic multipliers associated with most infrastructure projects, and the returns are substantial in the short term for every dollar spent (Bhattacharyya & Hastak, 2021). For example, bridge upgrades, traffic signals, and safety infrastructure upgrades have been found to have a positive effect on economic growth, and safety investments significantly affect GDP (Mahmud *et al*., 2025).

Nevertheless, the concept that infrastructural investments qualify as positive development strategies, especially in economically disadvantaged regions, has been increasingly questioned. Despite the consensus on the economic benefits of infrastructure, there is a growing skepticism among scholars on whether the positive development outcomes of such investments are consistent across the disadvantaged regions. While infrastructure can direct capital to underinvested areas and support industrial activity, it does not always translate to reduced spatial inequality or balanced regional growth (Gansauer *et al*., 2023). According to empirical data, the implementation of large-scale projects, including the Appalachian Development Highway System, shows that national infrastructure policy can have an impact on the distribution of income in the region, although with uneven effects (Jaworski and Kitchens, 2018). Irrespective of the controversy, government investments in infrastructure continue to be a popular spatial policy tool (Gansauer *et al*., 2023).

Heterogeneity of Impacts and the Role of Local Conditions

The underlying theory of public infrastructure, which aims to stimulate regional economic development, is measured by its capacity to increase productivity, facilitate the flow of trade, and lower transaction costs, thereby boosting general economic activity (Haynes & Chen, 2017). Transport is obviously one example of this logic. Expenditures on roads, highways, and associated systems are thought to play a role not only in reinforcing the logistic facilities and increasing productivity but also in enhancing inter-regional connections and ensuring a reliable supply of resources. These mechanisms are understood to foster higher quality and more sustainable economic development (Shi *et al*., 2024).

Bhattacharyya and Hastak (2021) reinforce the preceding arguments by emphasizing the short-term economic multipliers associated with various

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types of infrastructure projects, as well as the significant returns per dollar spent. Mahmud *et al*. (2025) also note that the investment in bridges, traffic lights, and other infrastructure that centers on safety has proven beneficial effects on the economic growth of regions and nations, and the safety-related spending has a particularly strong influence on the gross domestic product.

Moreover, the hypothesis that investments in infrastructure always lead to positive development is also disputable, especially in marginalized regions, where factors such as institutional capacity, demographic structure, and underutilized assets limit outcomes. Gansauer *et al*. (2023) argue that, even though infrastructure may be a tangible conduit of capital flow into underserved areas and trigger industrialization, there is a need for more research to evaluate the possibility that such investments consistently trigger the growth of the region and help overcome the long-term spatial imbalances.

Strategic Targeting and Place-Based Policies

The identification of the heterogeneous impacts of infrastructure investment has influenced the focus of the consideration of strategic targeting and the implementation of place-based policies in the United States. Such policies aim to reduce development gaps through redistribution of government resources and infrastructure investments in less developed areas (Yu *et al*., 2023). A good example of such a strategy is the Promise Zone program of the HUD. The program is based on the parameters of federal funding and incentive-based grants that have brought significant decreases in the incidence of poverty and the level of household income and unemployment rates within the specific neighborhoods (Bryant, 2025). Such results highlight the fact that properly coordinated infrastructure investments may trigger a major economic and social resurgence in struggling cities (Kodrzycki & Muñoz, 2015).

Despite these successes, challenges remain. The idea of infrastructure investment is often discussed as the core element of federal fiscal policy that is supposed to revolutionize marginalized economies, but Gansauer *et al*. (2023) note that the U.S. domestic economic policy has traditionally been opposed to the spatially progressive interventions. This kind of reticence is usually based on the fear that specific measures will upset market balance. However, since the expenditures on public infrastructure are spatial in nature, they are a unique and popular policy tool that is tied to particular localities (Gansauer *et al*., 2023). These policies should be effective not by the size of investment only but by other complementary aspects, including leadership ability, cross-sectoral cooperation, and the statement of clear and open development policies (Kodrzycki & Muñoz, 2015).

Challenges, Limitations, and Research Gaps

Although there has been a lot of empirical research on the economic implications of government infrastructure, there are still many challenges and constraints, as gaps in research. One of the first issues is the measurement of the direct effect of infrastructure investments and the setting up of unambiguous cause-and-effect relationships. The spatial complexity of infrastructure, identified by Haynes and Chen (2017), makes the measurement process problematic because the spatial spillover effect exists, meaning that an investment in one location has an impact on economic performance in another location. Mahmud *et al*. (2025) also highlight the fact that the active relationship between space and infrastructure creates layers of complexity that are not properly served by existing evaluation approaches.

Another challenge in the field is that the longstanding "debate over whether infrastructure builds roads to prosperity or bridges to nowhere" continues. Leduc and Wilson (2013) believe that the effects of infrastructure on sectoral variables depend on the business cycle phase, thus making it difficult to distinguish between long-term gains in development and short-term stimulatory impacts. This uncertainty raises fundamental questions about the viability of infrastructure as a long-term developmental approach.

However, there are still significant gaps in academic literature. Gansauer *et al*. (2023) highlight that little research has directly examined infrastructure as a regional development tool within so-called structurally disadvantaged regions of the United States. Their work suggests that infrastructure policy, while often promoted as a general solution, may not inherently be transformative and requires careful design and implementation to prevent reinforcing structural decline. Foell and Pitzer (2020) also emphasize that although place-based community development interventions have been widely applied, there remains an urgent need for more methodologically rigorous studies to accurately assess their true efficacy.

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Current literature suggests new areas of research. Giest (2025) emphasizes the increasing relevance of the digital and social infrastructures in territorial policymaking. Such interconnected systems have the potential to create social cohesion in relatively less developed regions, while the lack of social infrastructure augments inequality and reduces the esonomic resilience of regions. Inspired by these findings, Gansauer *et al*. (2023) suggest that future work could shed light on the social, fiscal, and political aspects of infrastructural systems that paradoxically can even exacerbate the state of deprivation. This presents an opportunity for economic geographers and regional studies researchers who want to better understand the complex role these systems play in underdevelopment.

Research Approach

The research design is qualitative and analytical, focused on synthesizing existing scholarly works published between 2013 and 2025. The primary objective is to map the current body of knowledge, identify key theoretical underpinnings, empirical findings, and policy implications, while also highlighting gaps in current research. This approach allows for a comprehensive understanding of the mechanisms through which public infrastructure influences regional economies, the heterogeneity of its impacts, and the effectiveness of targeted policy interventions.

Data Sources and Search Strategy

The literature review drew upon a broad range of academic resources to ensure a comprehensive overview. Key academic databases such as Scopus, Web of Science, JSTOR, and relevant economic and urban studies journals were systematically searched. The initial screening focused on identifying peer-reviewed articles, books, and reports published primarily within the last decade to capture contemporary discourse and evidence, while also including seminal works foundational to the field. Abstracts and introductions were reviewed to assess relevance, followed by a full-text review of selected articles to extract pertinent information.

Analytical Framework

The synthesis of the literature was guided by a thematic analytical framework, categorizing findings into distinct but interconnected themes as reflected in the structure of this paper: Theoretical and Empirical Foundations of Infrastructure Investment, Heterogeneity of Impacts and the Role of Local Conditions, and Strategic Targeting and Place-Based Policies. Within each theme, studies were critically examined to identify common arguments, conflicting evidence, methodological approaches, and the nuanced factors influencing outcomes. Particular attention was paid to how local conditions modify the impacts of infrastructure investments and the efficacy of different policy instruments in achieving economic development goals in distressed regions.

Limitations of the Approach

While comprehensive, this literature review is subject to certain limitations. As with any review, the findings are constrained by the availability and quality of existing research. The selection process, while systematic, may inherently carry some degree of researcher bias in the interpretation and emphasis of findings. Furthermore, the focus on U.S. contexts means that findings may not be directly transferable to other national or regional settings, given distinct economic, political, and social landscapes. The review synthesizes findings from various methodologies and study designs, which can lead to challenges in direct comparison and generalization. However, by critically analyzing the identified limitations and research gaps within the existing scholarship, this review aims to provide a robust foundation for future inquiry and policy considerations.

Findings / Analysis

This section synthesizes the key insights and empirical evidence from the extensive literature review, focusing on the link between public infrastructure investment and regional economic development, especially in distressed U.S. regions. The findings are organized thematically to reflect the overall structure used to analyze academic discussion.

Short-term multipliers

The literature contains a well-documented list of the short-term impacts of infrastructure expenditure. Public expenditure boosts aggregate demand and spurs output at the early stages of project development. As Haug and Sznajderska (2023) discover, this type of spending not only increases the GDP in the short term but also produces spillover effects that eventually result in increased productivity and a higher capital stock. Likewise, Ramey (2020) demonstrates that multipliers tend to be large when spending is persistent and when monetary policy restrictions limit interest rate adjustments, allowing fiscal measures to play a key countercyclical role. Despite these advantages, several studies caution

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that implementation delays drastically decrease the suitability of these short-term benefits, a point that highlights the need to deliver a project efficiently. Evidence from the U.S. transportation sector supports this, showing that investments in highways and road infrastructure enhance mobility, broaden business access to markets, and directly contribute to regional economic growth (Duranton & Turner, 2018). Thus, we can conclude that a short-term multiplier can significantly boost output, though its effectiveness hinges on the speed of its implementation

Cost savings and income gains

Recent U.S. research shows that infrastructure investment delivers durable fiscal and household benefits by lowering long-run costs and raising incomes. Hasan *et al*. (2022) find that public investments that improve core urban systems and reduce recurring operating expenses enhance productivity growth, which in turn raises household earnings and regional output. Complementary evidence from studies of digital and connectivity infrastructure indicates that better network access increases business opportunities and stabilizes local incomes by improving market access and reducing transaction costs (Luo *et al*., 2021). These findings imply that infrastructure designed for efficient construction, timely maintenance, and high utilization produces compounding returns: governments save on lifecycle expenditures, firms achieve higher productivity, and households realize income gains that reinforce broader regional development.

Productivity and efficiency

Choi *et al*. (2021) also hold that spending on infrastructure at the state level boosts the productivity of firms by reducing logistic expenses and market accessibility, thus allowing firms to scale production and adopt more effective methods of production. Broader literature identifies infrastructure as a key driver of productivity gains and reductions in transaction costs. By facilitating trade and enabling more efficient production, infrastructure strengthens the capacity of both private firms and individuals to generate economic value by providing support to trading and allowing more efficient production processes and logistics. Transportation systems are central to economic advancement because they support the exchange of goods and the movement of people across regions, underpinning industrialization and urbanization. The development of infrastructure is often promoted as a fundamental pillar of national economic development. Mahmud *et al*. (2025) show that investments in safety infrastructure are specifically the most powerful because they result in a more substantial impact on the gross domestic product compared to other types of public investment.

Urban versus rural impacts

According to Duranton and Turner (2018), there is empirical evidence that transportation infrastructure delivers disproportionate benefits to urban locations by improving labor mobility and enhancing access to business markets, resulting in an increase in employment and productivity outcomes compared to rural locations. The empirical studies usually prove that the impacts of infrastructure investment are different depending on the geographic setting. Urban counties generally have greater returns on investment in terms of employment, and rural counties generally have greater returns in terms of property values (Barkley *et al*., 2020). Although effects on personal income are similar in both contexts, evidence suggests that investments generate greater overall value per dollar in urban counties, where higher population densities and diversified economic structure allow infrastructure to generate broader spillovers (Hasan *et al*., 2022).

Recessionary Conditions

The timing of investment also matters. Auerbach *et al*. (2022) argue that fiscal multipliers associated with infrastructure projects are augmented during periods of recession, where a general fall in demand and reduced private sector activity creates room for public spending to directly stimulate growth. Lee *et al*. (2020) and Petrović *et al*. (2020) provide corroborating evidence that government spending produced stronger effects during the peak of the COVID-19 crisis in cities that were less restricted by stay-at-home orders. These findings highlight that the macroeconomic environment, especially during downturns, plays a decisive role in shaping the magnitude of the impact. When the economy operates below optimal output, infrastructure investment becomes not only a tool for enhancing long-term productivity but also an effective instrument for mitigating the effects of recessions and stabilizing regional economies.

Long-term variability and spatial inequality

Although infrastructure initiatives can generally produce short-term positive effects during their construction stage that can be leveraged to achieve longer-term development in the region, the longevity of these effects is much less assured. There is a growing skepticism in critical

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scholarship about whether infrastructural investment always diminishes spatial inequality. Gansauer *et al*. (2023) caution that the material, social, fiscal, and political aspects of infrastructural systems may reinforce existing disparities rather than mitigate them. Likewise, Foell and Pitzer (2020) highlight that place-based efforts pose the risk of replicating inequality in case they do not consider the presence of institutional and governance dynamics that are deeply rooted in disadvantaged neighborhoods. This implies that in the absence of careful planning and monitoring, infrastructure that is designed to improve the upliftment of underdeveloped areas is bound to inadvertently deepen structural disadvantage.

Strategic targeting and place-based policies

The acknowledgment of the unequal impacts of infrastructure investment in the United States has led policymakers to take place-based, targeted policy actions. These policies are aimed at reducing development disparities and creating equitable growth through resource allocation to the underserved regions. According to Bartik (2021), by investing in infrastructure to match the local labor market, policymakers can achieve the highest possible returns and can make sure that the project meets the challenges of regional growth. Furthermore, Manda *et al*. (2024) show that the success of place-based interventions also depends on how well federal aid aligns with regional resources, leadership, and future development plans. Overall, these studies emphasize that targeted strategic actions can help reduce disparities only when policies are tailored to the unique problems and opportunities of local settings.

Targeted job creation

Bartik (2020a) hypothesizes that place-based policy interventions would help boost employment in deprived communities by targeting infrastructure investment to such areas. The job creation strategies are cost-effective and involve offering public services that will enable businesses to flourish, especially by improving infrastructure. In line with this view, Choi *et al*. (2021) show that investment in infrastructure increases the productivity of firms by lowering logistics expenses and enhancing market access and thus induces job creation in less developed economies. These interventions are also targeted in nature and therefore result in a more direct and sustainable reduction in unemployment compared to diffuse, broad-based strategies (A-Clottey, 2025).

Promise Zones and ARRA

Assessment of the Promise Zone program shows that federal support, as well as grant incentives, have been streamlined to bring observable changes in the state of neighborhoods, such as decreases in poverty levels, growth of household income, and creation of more job opportunities. Equally, the American Recovery and Reinvestment Act of 2009 proved that local job recovery can be triggered by strategic investment in infrastructure and services during economic downturns. To illustrate, ARRA funds allocated to health facilities saved as well as promoted job regaining in the underserved areas (Tung *et al*., 2024). Additional studies on ARRA expenditures prove that, in troubled areas, stimulus grants can be an efficient employment policy. However, politically-linked companies were significantly more likely to receive them, thus limiting the overall effectiveness of employment creation (Choi *et al*., 2021).

Importance of context

The success of place-based strategies ultimately depends on broader contextual factors that extend beyond the infrastructure projects themselves. Bartik (2020a) notes that policies that create jobs in local labor markets deliver the greatest benefits when the new positions are developed within distressed communities and match the skills of the existing unemployed workers. This alignment ensures that growth driven by infrastructure leads to sustainable local employment rather than temporary or externally captured gains.

DISCUSSION

The findings from this comprehensive literature review highlight that public infrastructure investment is a powerful yet complex tool for regional economic growth in the United States, especially in underdeveloped areas. This discussion interprets these results in the context of existing literature, explains their theoretical and practical implications, and points out areas for future research.

The literature consistently shows that public infrastructure spending generates strong short-term multipliers, affirming its ability to stimulate economic activity by boosting demand and enhancing productivity. Ramey (2020) shows that such investments provide immediate output gains, while Bhattacharyya and Hastak (2021) and Shi *et al*. (2024) highlight their longer-term role in reducing costs and facilitating trade. Evidence that safety-related spending has a disproportionately

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tremendous impact on gross domestic product underscores the various ways infrastructure contributes to efficiency and growth (Rubinstein, 2025).

At the same time, the review challenges the assumption that the benefits of infrastructure are universally positive and enduring. Albouy and Kim (2022) show that impacts differ across geographic contexts, with urban and rural areas experiencing divergent effects on employment, property values, and income. Gansauer *et al*. (2023) further argue that long-term outcomes are not guaranteed, and in some cases, infrastructural systems may reinforce existing inequalities rather than resolve them. These findings suggest that while infrastructure often functions as a means for channeling capital into disinvested areas, its transformative potential is determined by local conditions and the strategic design of investment programs. The evidence that positive effects are amplified during periods of economic slack, as observed by Auerbach *et al*. (2022), Lee *et al*. (2020), and Petrović *et al*. (2020), also advertises the role of infrastructure as a countercyclical policy tool, particularly relevant in regions where resources are underutilized.

THEORETICAL, PRACTICAL, AND POLICY IMPLICATIONS

Theoretical Implications

The results stress the importance of theoretical models that transcend simple linear relationships between infrastructure expenditure and economic growth. We risk overlooking the contextual dimensions that shape outcomes by relying solely on universal multipliers. Future theoretical frameworks must incorporate concepts such as economic recession, urban-rural disparities, and the possibility that poorly designed infrastructure can deepen inequality. Gansauer *et al*. (2023) propose that infrastructure ought to be integrated within a comprehensive regional development ecosystem rather than regarded as a standalone catalyst for growth.

Targeted investments

The evidence highlights that the success of infrastructure depends largely on local conditions. Albouy and Kim (2022) show that factors such as population density and the makeup of the industrial base significantly influence economic outcomes, while Bartik (2020a) stresses that economic slack can boost benefits. These findings indicate that one-size-fits-all approaches to infrastructure spending are unlikely to deliver the best results. Instead, targeted strategies that consider regional differences are essential to achieving optimal return on public investments.

Complementary policies

Infrastructure investment by itself is rarely sufficient to achieve long-term regional transformation. Bartik (2020a, 2021) argues that its success depends on integration with broader location-based policies that include streamlined federal support and incentives for job creation in less developed communities. Bryant (2025) and Yu *et al*. (2023) further highlight that physical infrastructure must be paired with human capital development, business support, and community engagement if it is to produce lasting benefits. This highlights the relevance of comprehensive development packages that combine hard and soft infrastructure in ways that reinforce one another (Benneh, 2025).

Long-term planning and monitoring

Because the benefits of infrastructure investment can deplete over time, there is a need for policymakers to look beyond short-term multipliers. Sustainable development requires long-term planning that integrates plans for maintenance, adaptation, and continuous evaluation. Recent evidence shows that the productivity effects of infrastructure depend heavily on consistent monitoring and reinvestment. This is consistent with the findings of Hasan *et al*. (2022), who point out that the gains from public investment are eroded without proper maintenance, while Munday *et al*. (2023) emphasize that state-level growth outcomes vary substantially when evaluation mechanisms are weak. Together, these findings suggest that without long-term planning, initial benefits may dissolve before regional development goals are realized (Babu & Suthari, 2024).

Addressing political influences

The studies conducted on programs such as the American Recovery and Reinvestment Act indicate that the political ties tend to affect how the funds are distributed, thus compromising efficiency and fairness in the distribution of resources. Choi *et al*. (2021) demonstrate that infrastructure investments can be skewed by political and institutional factors, which then limit their effectiveness for firm productivity and regional growth. Likewise, Foell and Pitzer (2020) present that the stimulus and recovery funds are highly likely to be politically negotiated at local levels, which tends to lead to inefficient

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distribution of funds. These studies demonstrate one important policy issue: the choice of infrastructure investments must be based on objective factors concerning the necessity and the possible impact, but not on political convenience. It is hence important to have clear structures that govern allocation to promote equity and efficiency in the processes of regional development (Diaz Munoz, 2025).

CONCLUSION

This review demonstrates that public infrastructure investment is a necessary but insufficient condition for equitable regional development. Its effectiveness is not necessarily commensurate to the scale of spending but is contingent on context-sensitive design, institutional capacity, governance quality, and alignment with complementary labor market and human capital policies. However, its long-term effectiveness differs greatly, depending largely on local conditions such as urban-rural distinctions, the presence of economic recession, and the broader socioeconomic context. A quite significant observation is that investment of this kind, unless properly planned and managed, could worsen rather than improve already existing inequalities or structural deprivation in certain peripheral regions. The primary limitation of this review stems from its reliance on a synthesis of existing literature, which inherently presents challenges in establishing direct causal attribution and introduces potential for researcher interpretation bias due to the diverse methodologies encountered. Consequently, future research should prioritize direct empirical inquiry into the effectiveness of infrastructure as a regional development tool, with careful examination of the various social, fiscal, and political elements that underpin or lead to equitable, sustainable outcomes.

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