Can We Keep Growing Forever?

The following are some questions for you to consider as you go through the required reading material which should help to guide the discussion.

- How is technological progress modelled in the workhorse models of endogenous economic growth?
- Are all ideas equally important for economic growth?
- In the models of economic growth we discussed, we have focused our attention on the behaviour of economy over a balanced growth path. Is this a reasonable assumption?
- If economic growth at the frontier slows down, how would this affect developing countries?
- "*…future growth in the real disposable income of the bottom 99 percent of the income distribution between 2015 and 2040 will be about 0.2 percent per year, as compared to 2.0 percent in the 116 years before 2007. In 2040 the United States will be a more stratified society than today, with greater wealth among the top 1 percent and lower relative incomes and wealth for the bottom 99 percent. This implies that the standard of living of the bottom 99 percent will stagnate, rising by only 5 percent cumulatively over twenty-five years instead of the 64 percent cumulative increase that would have been made possible by a hypothetical future growth rate of 2.0 percent, the historical pre-2007 average.*" Do you agree or disagree with this prediction? Why?
- What is the work by Bloom and co-authors telling us about the production function for ideas discussed in the lectures?
- Why is the growth rate of GDP per capita in the U.S. declining when the number of scientists employed keeps rising?

References

- Gordon, R. (2015) "The Future of Economic Growth: Slowing to a Crawl?" in In G. S. Morson and M. Schapiro *The Fabulous Future? America and the World in 2040*, Northwestern University Press, Evanston, 2015, pp. 5-21.
- Bloom, N., C. Jones, J. Van Reenen and M. Webb (2019) "Are Ideas Getting Harder to Find?" Manuscript, Stanford University.