

Macro Roundup Article

Headline: [The Economics of Public Investment Crowding in Private Investment](#)

Article Link: <https://www.whitehouse.gov/briefing-room/blog/2023/08/16/the-economics-of-public-investment-crowding-in-private-investment/>

Author(s)	Heather Boushey
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Tweet: [.@hboushey46](#) of President Biden's CEA argues public spending is "crowding in" private investment by "de-risking" ventures through tax credits and direct government support.

Summary: When goods have strong positive externalities—such as decreasing our carbon emissions, improving supply chain resilience, or promoting national security—the market can underprovide, as private actors do not experience all of the social benefits of their production. In these instances, government action, such as by lowering the cost of production for the firm, can correct the failure of the market to provide sufficient supply and improve overall welfare. These funding streams, combined, are designed to de-risk new technologies, support the development of necessary infrastructure, and more, making new technologies and domestic manufacturing cost-competitive.

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Primary Topic: Investment

Topics: Business Cycle, Fiscal Policy, GDP, Government Spending, Government/NGO, Growth, Investment, Productivity

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