

Macro Roundup Article

Headline: [An American Investment Boom Would Be Good for the World](#)

Article Link: <https://theovershoot.co/p/an-american-investment-boom-would>

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Tweet: [.@M_C_Klein argues that investment catalyzed by the CHIPS Act and Inflation Reduction Act will spill over globally, which will boost "global manufacturing demand, ease the supply constraints of the past few years, and support the green transition."](#)

Summary: There is no appetite in the U.S. for boosting investment at the expense of current consumption by redirecting spending, workers, and capital. Nor is there much scope for American producers to export even less than they already do. This means that any realistic scenario in which U.S. investment rises substantially would mostly involve some combination of higher production out of existing labor and capital as well as higher levels of imports. In theory, good investments should boost the capital stock and eventually make it easier to further increase both investment and consumption, but that process takes time. Until then, there will be a mismatch between America's needs and its productive capabilities that can only be bridged by drawing upon foreign production. Foreigners stand to benefit from this even if some of the specific subsidies encouraging U.S. investment have local-content restrictions.

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Primary Topic: Investment

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