Macro Roundup Artcile

Headline: The Outlook for Long-Term Economic Growth

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Tweet: Stanford professor @chadjonesecon argues an improved allocation of talent globally and AI's emergence as a general purpose technology might help the US maintain the long term 2% GDP/capital growth trend, offsetting stagnating TFP.

Summary: Growth theory reveals that in the long run, growth in living standards is determined by growth in the worldwide number of people searching for ideas. A growth accounting exercise for the US since the 1950s suggests that many other factors have temporarily contributed to growth, including rising educational attainment and a rising investment rate in ideas. But these forces are inherently temporary, implying that growth rates could slow in the future. In contrast, other forces could potentially sustain or even increase growth rates. The emergence of countries such as China and India provides large numbers of people who could search for ideas. Improvements in the allocation of talent — for example, the rise of women inventors — and increased automation through artificial intelligence are other potential tailwinds. Related: The Economics of Inequality in High-Wage Economies and From Strength To Strength and Fully Grown - European Vacation!

Primary Topic: Growth

Topics: Academic paper, Business Cycle, GDP, Growth

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