

citizens by supporting education and training programs

- Government can encourage high rates of saving and investment in the private sector
 - IRA legislation is to made to make saving more financially attractive to American households (no taxes on fund deposited or on interest earned)
 - Investment tax credit, which reduces the tax bills of firms that invest in new capital
 - Public investment, or the creation of government-owned capital
- Government supports basic research
- Poorer countries first need to improve the legal and political environment that underpins their economies

Thinking About the Costs of Economic Growth

- Costs of creating new capital
 - Diverts resources that could otherwise be used to increase the supply of consumer goods (consume less)
 - In a society that is relatively well-off, people may be more willing to make sacrifices to achieve higher economic growth in the future
- Cost of research and development to improve technology
- Cost of training
- "Limits of Growth" theory assumes economic growth is more of what we have now
 - Increases in real GDP could come from new or higher-quality products
 - Increased wealth and productivity expands society's capacity to take measures to safeguard the environment
 - Ignores the power of the market to deal with scarcity
 - Trigger price changes that induce suppliers and demanders to deal with the problem