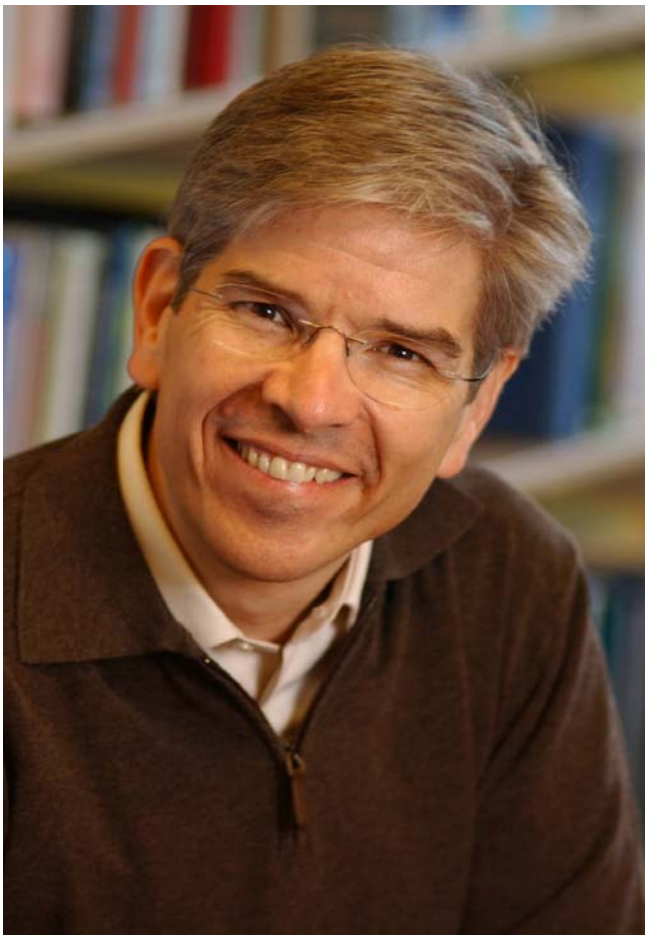




There is no reason why we cannot have persistent growth as far into the future as you can imagine.



Paul Romer

□ *World-class economist — how technology and innovation drive economic growth.* □

What sustains economic growth in a physical world characterized by diminishing returns and scarcity? Answer: new ideas and technologies. The founder of New Growth Theory explains the dynamics of innovation-driven growth and how policies can foster greater innovation.

Senior Fellow, Stanford University Center for International Development and the Stanford Institute for Economic Policy Research.

Ahead of the Curve

Senior Fellow, Stanford University Center for International Development and the Stanford Institute for Economic Policy Research.

Highlights

Named one of America's 25 most influential people by *Time* magazine, Paul Romer is the primary developer of New Growth Theory, which provides a fresh foundation for how businesses and governments **think about wealth creation**.

In research that many believe will lead to a Nobel prize, he addresses one of the oldest questions in economics: **What sustains economic growth** in a physical world characterized by diminishing returns and scarcity?

The answer: **the way societies deal with advances in technology**.

Economic **growth is driven by new ideas** and advances in technology, and

governments can increase the rate of growth—in ways that benefit all citizens—by creating appropriate economic incentives.

Dr. Romer is currently studying **how government policy affects innovation**. This new work suggests that for a developing country, the most important government policies may be those that determine the rate of technology transfer from the rest of the world. For an advanced economy, the most important policies may be the ones that influence the rate of technological innovation in the private sector.

Paul M. Romer is a Senior Fellow at the Stanford University Center for International Development and the Stanford Institute for Economic Policy Research.

He founded Aplia, Inc. in 2000, which offers a web-based technology for changing the way we teach.

We consistently fail to grasp how many ideas remain to be discovered. Possibilities do not add up. They multiply.

Leigh BureauSM
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The Key to Growth

□ How technological innovation drives economic growth. □

A useful metaphor for production in an economy comes from the kitchen. If economic growth could be achieved only by doing more and more of the same kind of cooking, we would eventually run out of raw materials and suffer from unacceptable levels of pollution and nuisance. History teaches us, however, that economic growth springs from better recipes, not just from more cooking. New recipes generally produce fewer unpleasant side effects and generate more economic value per unit of raw material.

Every generation has perceived the limits to growth that finite resources and undesirable side effects would pose if no new recipes or ideas were discovered. And every generation has underestimated the potential for finding new recipes and ideas. We consistently fail to grasp how many ideas remain to be discovered. Possibilities do not add up. They multiply.

• Credentials

- □ Senior Fellow, Institute for Economic Policy Research, Stanford
- □ Senior Fellow, Stanford Center for International Development
- □ Former Professor of Economics, Stanford Graduate School of Business
- □ Former Senior research fellow, Hoover Institution
- □ Ralph Landau Senior Fellow, Center for Economic Policy Research, Stanford