

## Chapter 7: The future

Differences in income among countries are mostly explained by differences in their factor accumulation. Richer countries use more machines, computers and infrastructure than poorer countries.

However, not all income differences can be explained by this. Income differences can also be explained by differences in productivity. Since productivity depends on both technology and efficiency, both these factors may lead to different incomes.

Technological progress and increased efficiency both increase productivity and thus increase income.

It is difficult to understand the current and historic economic growth but it is even harder to make predictions about the future.

For current rich countries technological progress will be the most important determinant of economic growth.

Demographic momentum ensures that populations will more than double over the next 50 years. So the world population will remain increasing in the future.

Also globalization will keep occurring and leading to economic growth. The globalization will especially be good for the rich countries.