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University of Luxembourg  
Inaugural Lecture

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Campus Limpertsberg

Salle Tavenas

102a, avenue Pasteur

L-2311 Luxembourg



UNIVERSITÉ DU  
LUXEMBOURG

Faculty of Law,  
Economics  
and Finance

## Prof. Dr. Andreas Irmen Reflections on Economic Growth



Economic growth is a major buzzword in the political arena of these days. Growth policy seems to be the appropriate medication not only for the current crisis but also to meet long-term trends such as population aging. Yet, what exactly do we mean by economic growth? How can policy affect it?

Since its beginning, the Science of Economics has been concerned with the amount, the quality, and the distribution of goods and services to which the population has access. Economic growth refers to the process by which the provision of these goods and services increases.

First, this lecture looks at the evolution of the wealth of nations across countries and time. We argue that the tremendous growth experience and the stunning divergence observed between today's rich and poor countries is a rather recent phenomenon. We conclude that the current period is likely to be the greatest phase of poverty alleviation in the history of the world.

Second, we look ahead and address some questions about economic growth that feature prominently in the political sphere. Do we need economic growth, e.g., to service

government debt? Does economic growth make us happy? Will economic growth be sustainable in the presence of finite, non-renewable natural resources?

Finally, we argue that economic growth is no end in itself. Moreover, growth policies that foster human creativity, the invention of new ideas and new ways to solve problems are among the best policy responses to many challenges of our time.

**Andreas Irmen** is Professor of Macroeconomics and Applied Microeconomics at the University of Luxembourg (since September 2010). Previously, he held the Chair of Economic Policy at the Ruprecht-Karls-University of Heidelberg (2006-2010), Germany. Currently, he is also affiliated with the Center for Economic Studies (CESifo), Munich. Andreas Irmen received his Ph.D. in Economics from the University of Lausanne, Switzerland. He was visiting scholar at the Department of Economics, Massachusetts Institute of Technology (MIT), at the Department of Economics of Harvard University, and at the Carl Melchior Minerva Center for Macroeconomics and Growth, Hebrew University, Jerusalem, Israel. His main areas of research include the Economics of Innovation, Population Economics, and Economic Growth. Andreas Irmen has published widely in top academic journals such as the *Journal of Economic Theory*, the *Journal of Economic Dynamics & Control*, and the *European Economic Review*.

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*Introduction by André Prüm, Dean of the Faculty of Law, Economics and Finance. A reception will be held after the conference.*