



[Summary]

[Economics Growth (Part II)]

Subject:	Business Economics
Course:	B.A., 4 th Semester, Undergraduate
Paper No. & Title:	Paper – 401 Macroeconomics-II
Unit No. & Title:	Unit - 4 Economics Growth
Lecture No. & Title:	2: Economics Growth (Part II)

Summary:

The so-called golden rule (of capital accumulation) is a proposition about the consequences for national welfare possibilities of alternative paths of national wealth, and hence of national saving, in a closed economy. It states that the steady-growth state that gives the maximum path of consumption is the one along which national consumption equals the national wage bill and thus national saving equals 'profits'. The basic significance of the golden rule is as a warning against national policies of over-saving or counterproductive austerity.