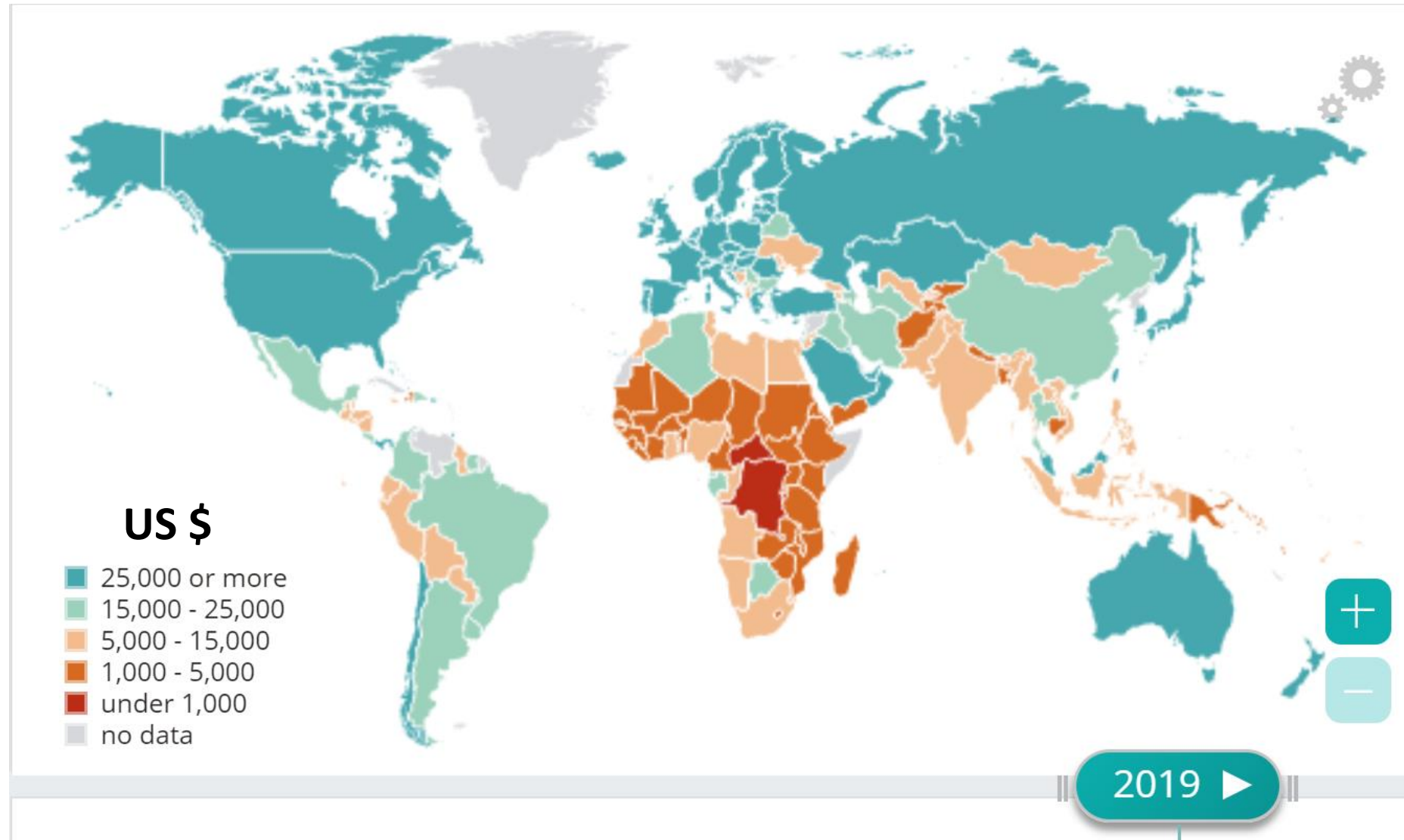


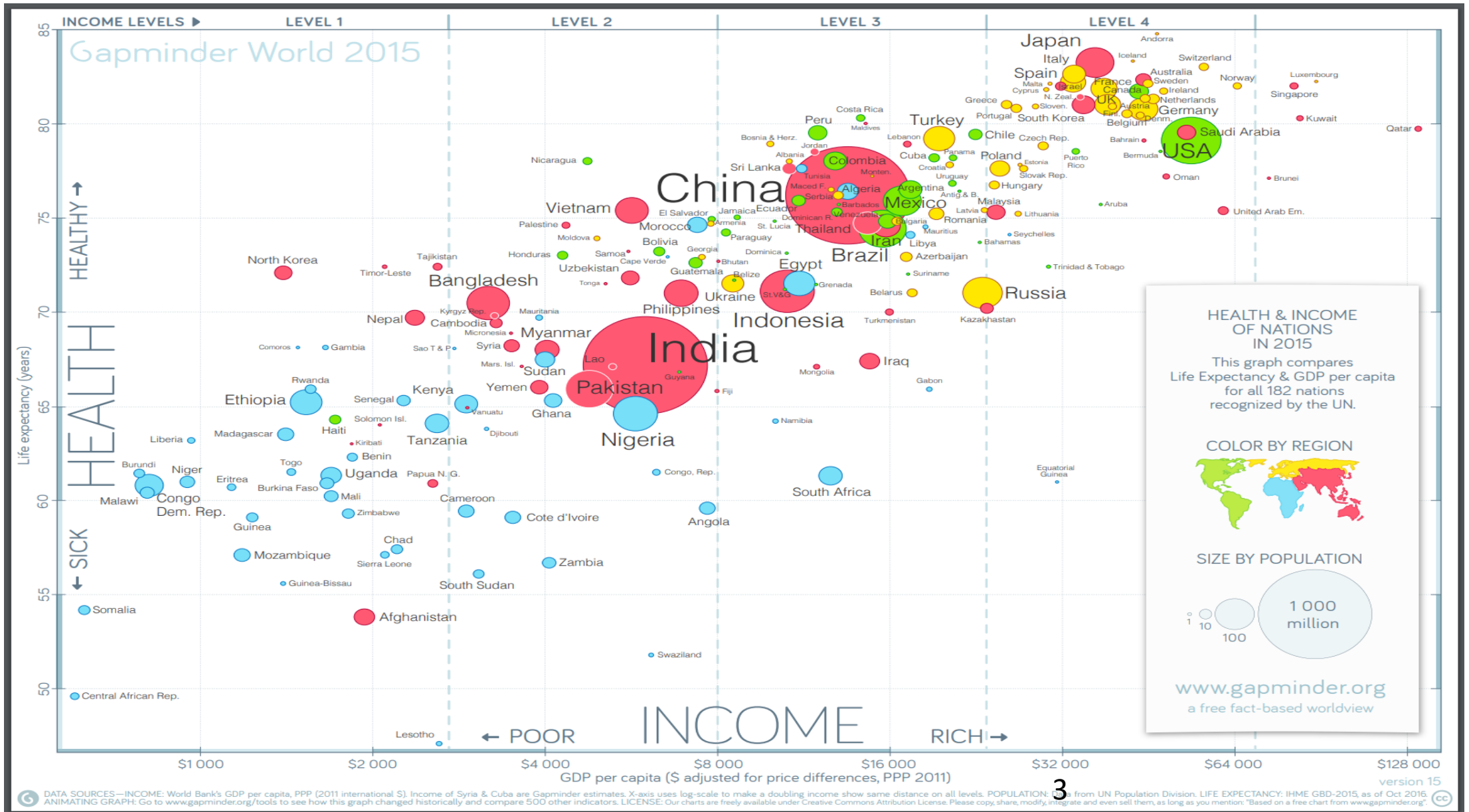
Economics for Elias Shaw

Lesson 2: Economic Growth – more on **How
to Save Time and get RICHER**

Remember – Some RICH Countries some very POOR



Remember too – Richer Countries have Better Health



Machines of all types save time

- Grandma's new WACHINE MACHINE saved her a lot of time
 - So she had more time to read BOOKS
 - More time to learn new things
 - So she became more PRODUCTIVE
- Inventing new machines like the STEAM ENGINE in 1780 saved time by
- Opening RAILWAYS (1830-1850) saved time by.....
- Inventing the LIGHT BULB (1880 Eddison) saved time by.....
- Inventing simple COMPUTERS (1950) did this by
- Inventing the INTERNET (1970) did this by
- Inventing ZOOM in 2020 did this by

All these NEW MACHINES helped to make people RICHER by saving lots of TIME

Can you think of important inventions of OTHER NEW MACHINES?

SPECIALISATION – is another way to save TIME

An idea from a famous Economist **Adam Smith** in 1776

EXAMPLE 1: In the HOME

Making a meal and tidying the Garden (in minutes)			
	NO specialisation	Mum	Dad
Cooking		10	40
Gardening		20	30
TOTAL Time Needed		30	70
	NOW let's SPECIALISE	Mum	Dad
Cooking		20	0
Gardening		0	60
TOTAL Time Needed		20	60
Time saved		10 minutes	10 minutes

EXAMPLE 2: In the FACTORY

Making FRUIT JUICE in a Factory (minutes needed)			
	NO specialisation	Fred	Sidney
Mixing the Juice for 10 bottles		40	100
Doing the Bottling		60	80
TOTAL Time Needed		100	180
	NOW let's SPECIALISE	Fred	Sidney
Mixing the Juice for 10 bottles		80	0
Doing the Bottling		0	160
TOTAL Time Needed		80	160
Time saved		20 minutes	20 minutes

Why should SIDNEY specialise in doing the BOTTLING?

EXAMPLE 3: TRADE between Two COUNTRIES

Making TEA and making CARS (hours of work)			
	NO specialisation	INDIA	ENGLAND
Produce 100 kilo TEA		10	90
Make One CAR		80	50
TOTAL Time Needed		90	140
	NOW let's SPECIALISE	INDIA	ENGLAND
Produce 100 kilo TEA		20	0
Make One CAR		0	100
TOTAL Time Needed		20	100
Time saved		70 hours	40 hours

Why should INDIA Specialise in GROWING TEA?

Conclusion on SPECIALISATION

- In Example ONE, DAD was a bit less good than Mum on both jobs
- In Example TWO, SIDNEY was much less good than FRED on both jobs
- In Example THREE, ENGLAND was quite a lot better than INDIA in making CARS but much worse than INDIA in growing RICE

BUT in all three cases SPECIALISATION was a means to SAVE TIME

CONCLUSION:

It always saves time if each person/country specialises in the thing in which they are
LEAST BAD

- So DAD does the gardening
- SIDNEY does the bottling
- INDIA grows the Tea

This is called the LAW OF COMPARATIVE ADVANTAGE

Another look at getting RICHER and Healthier 1810 to 2010 (partly explained by better machines and more time saved)

Go to:

<https://www.bbc.co.uk/programmes/p00cgkfk>

Brown

Blue

Red

Yellow

Green

EUROPE

AFRICA

ASIA

AMERICA

MIDDLE EAST

Look out for what happened in 1918