

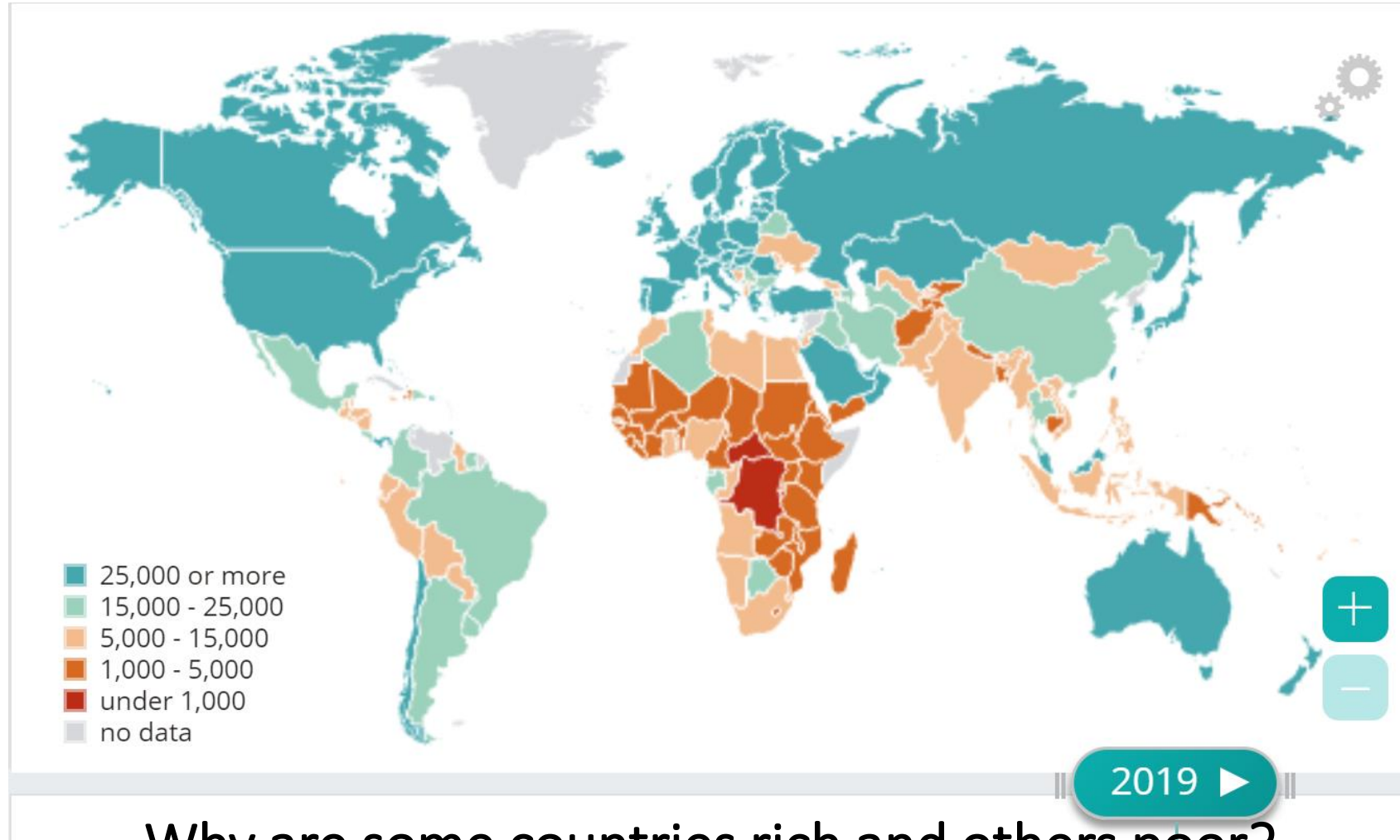
# Economics for Elias Shaw

## Lesson 1: Income Differences and Economic Growth

# Why Should We Care?



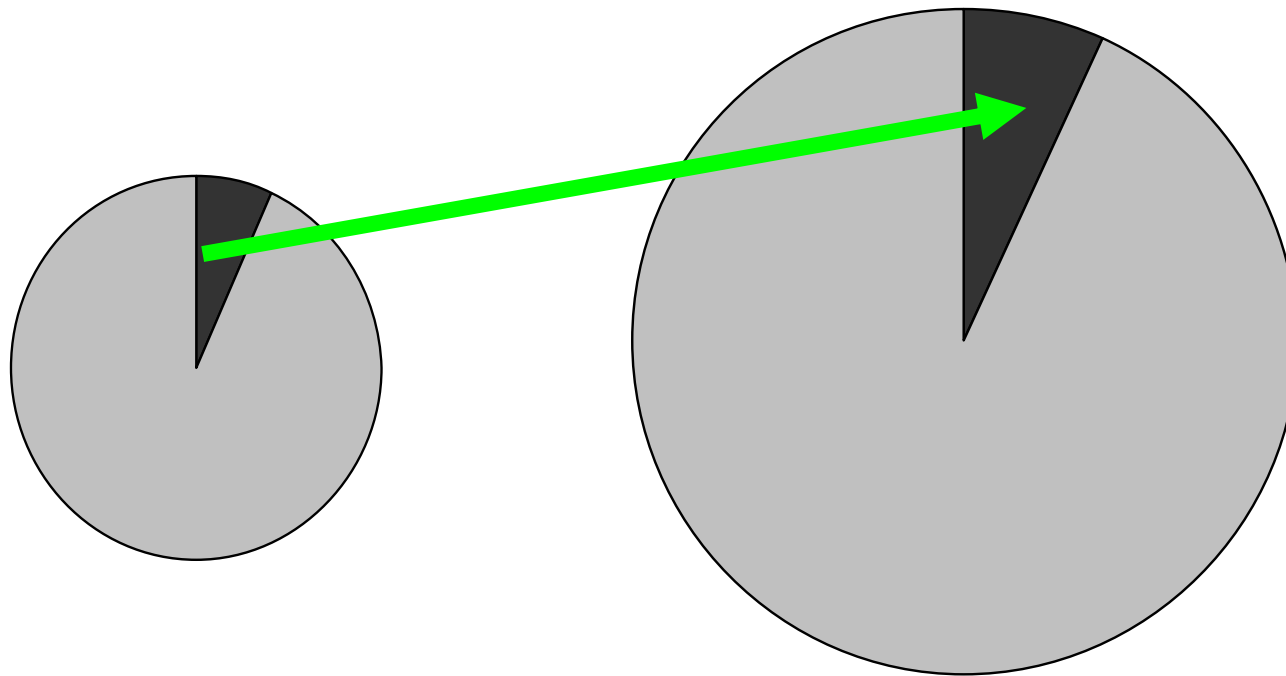
# Income/money each person got in 2019



Why are some countries rich and others poor?

# Economic Growth

- 🍏 Improves the lives of the poor by making the pie bigger

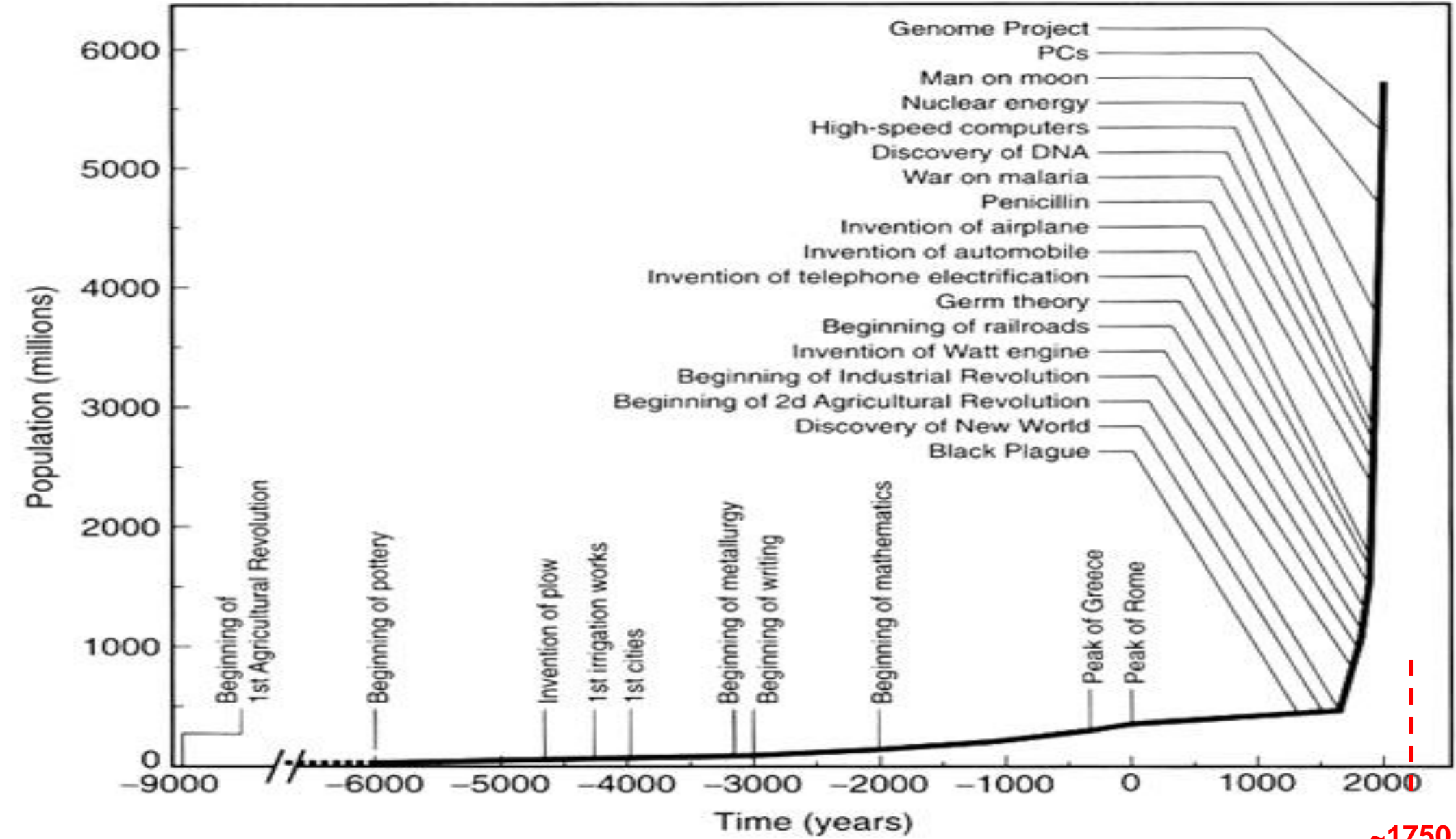


Bigger “slices”  
mean higher  
standards of living

# Growing Incomes solves many problems

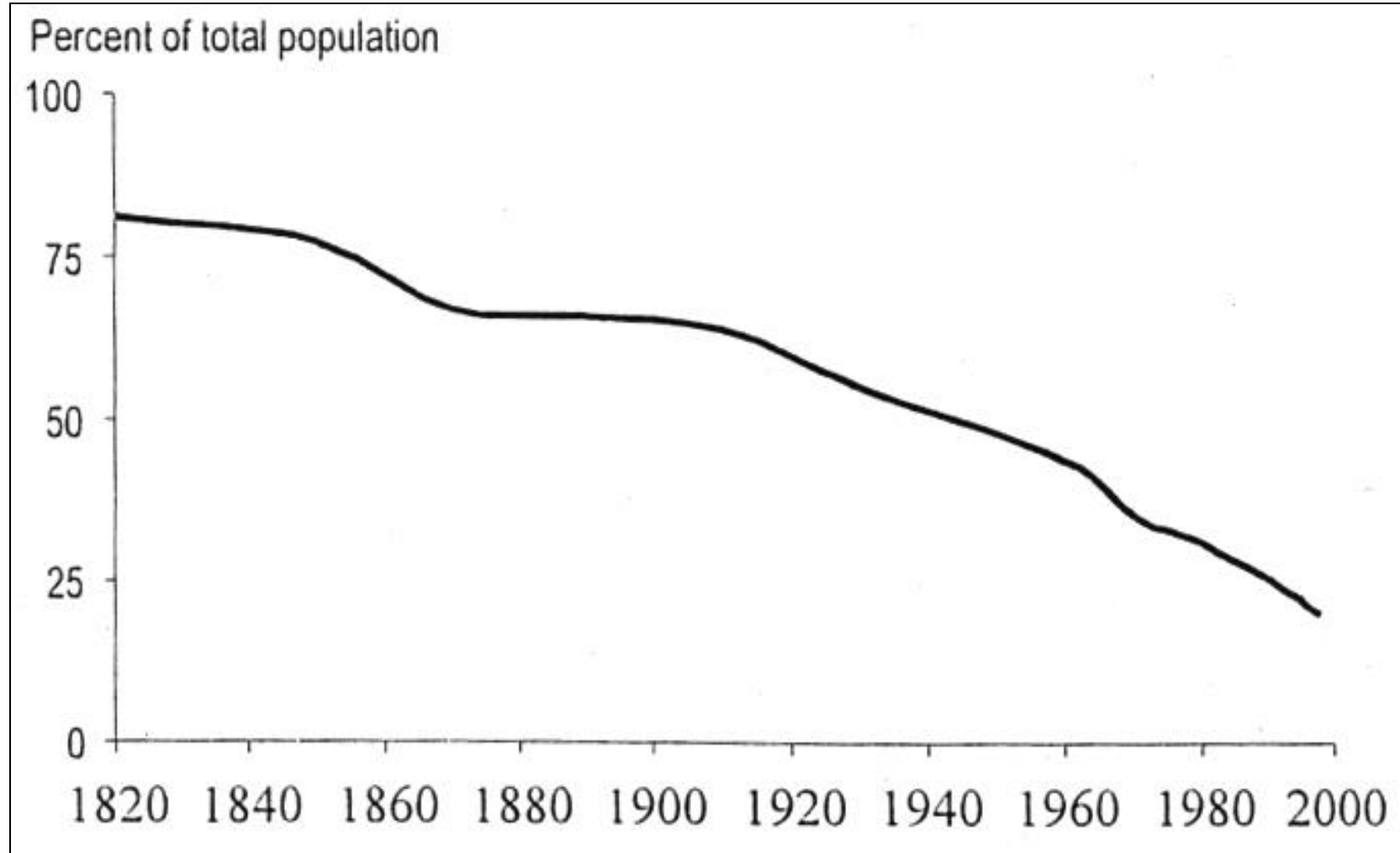
- 🍏 Economic growth raises standards of living, even in the continuing face of scarcity
  - reducing infant mortality,
  - Increasing life expectancy,
  - reducing hunger,
  - improving environment and
  - reducing debilitating disease

# The World got bigger and richer in long stages



~1750

# One Result was fewer people in Poverty, 1820 - 1998



# Why can't we have all we want?

🍏 Available resources are limited

- Land (57,506,000 sq mi. & not even all habitable!)
- Labor (7 bil. souls x 24 hrs a day)
- Capital (less than  $\infty$ )
- Entrepreneurship (not everybody is Jeff Bezos)

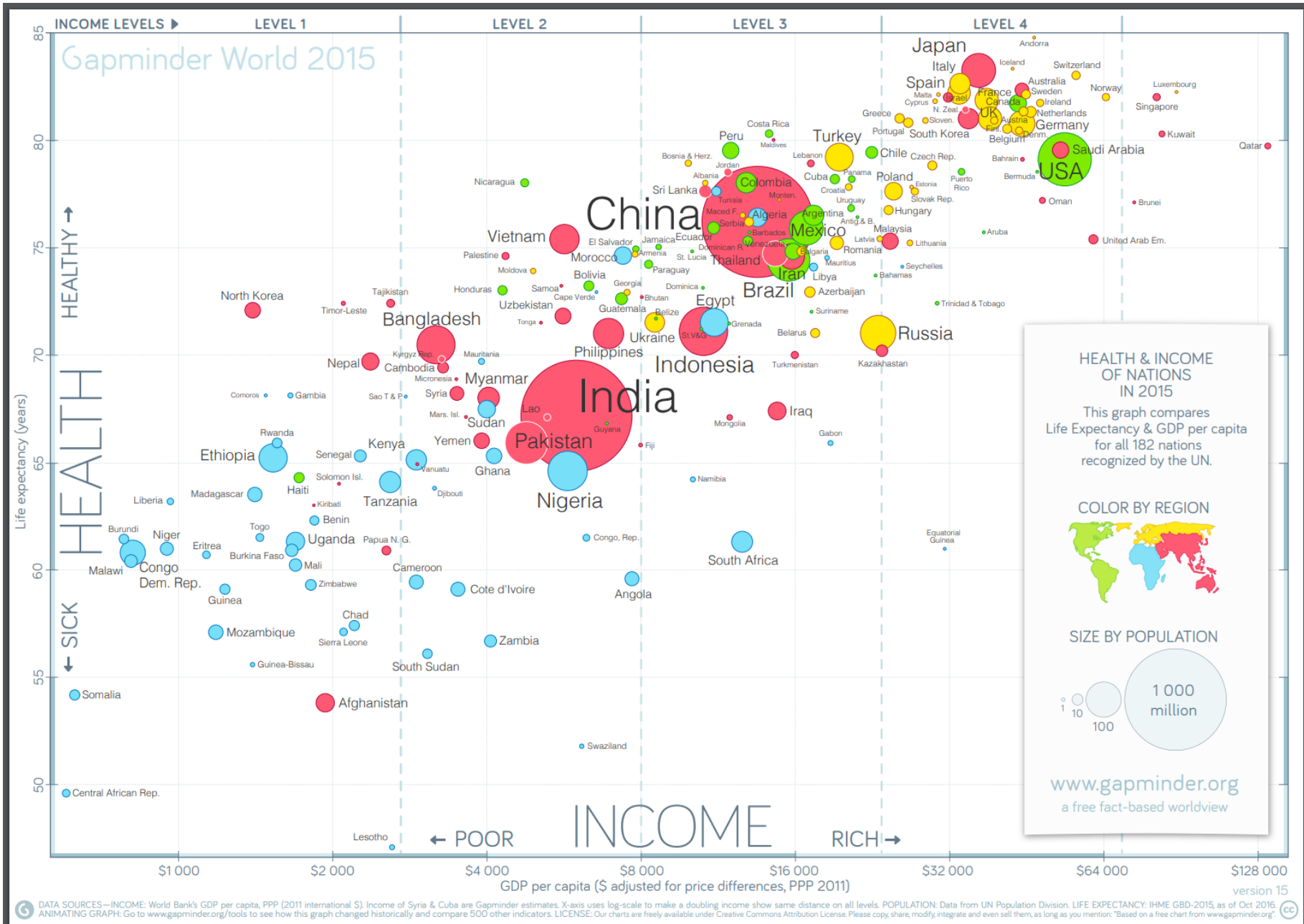
🍏 Human desires are boundless : 7 billion & increasing



# Questions:



- 🍏 Why are some countries rich and others poor?
- 🍏 Why have some countries experienced economic growth and others have not?
- 🍏 Why are some countries growing rapidly today and others are not?
- 🍏 What can be done to promote economic growth and reduce poverty?



# One Answer – Productivity – what each person can produce

- 🍏 The output produced from a given set of resources in a given period of time.
- 🍏 Increasing productivity means that **greater** output is produced from a given set of resources in a given period of time.

Hans Rosling and the Magic Washing Machine

<http://www.youtube.com/watch?v=BZoKfap4g4w>

But growth of countries creates  
good things but also problems

Hans Rosling and the Magic Washing Machine

<http://www.youtube.com/watch?v=BZoKfap4g4w>

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