Introduction to Macroeconomics
Economic Growth

• US in 1900

  • **Per capita** annual income was
    \( \approx $4,000^* \)
  
  • **Gross Domestic Product (GDP)**
    was $350 Billion*
  
  • Average work week was 60 hours
  
  • 1/3 of families lived on farms
  
  • Life expectancy = 47 years
  
  • No:
    • Microwaves
    • Cars
    • Freezers
    • Air-conditioning
  
  • Luxuries:
    • Indoor plumbing
    • New clothing
    • Secondary education
Economic Growth

• **US Now**
  - Per Capita annual income is $52,800* (CIA website)
  - GDP is over $17 Trillion*
  - Average work week is 34 hours
  - Life Expectancy = 80 years
  - Luxuries:
    - Exotic cars
    - Designer Fashion
    - Mansions
### Foreign Economic Growth

#### Per Capita Income 2011 (CIA factbook)

<table>
<thead>
<tr>
<th>Country</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liechtenstein</td>
<td>$141,100</td>
</tr>
<tr>
<td>Norway</td>
<td>$53,300</td>
</tr>
<tr>
<td>US</td>
<td>$48,100</td>
</tr>
<tr>
<td>South Korea</td>
<td>$31,700</td>
</tr>
<tr>
<td>Mexico</td>
<td>$15,100</td>
</tr>
<tr>
<td>Iran</td>
<td>$12,200</td>
</tr>
<tr>
<td>China</td>
<td>$8,400</td>
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<tr>
<td>Afghanistan</td>
<td>$1,000</td>
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<tr>
<td>Somalia</td>
<td>$600</td>
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<tr>
<td>Congo</td>
<td>$300</td>
</tr>
<tr>
<td><strong>World Average</strong></td>
<td><strong>$10,700</strong></td>
</tr>
</tbody>
</table>
Economic Fluctuations

• Contractions
• Recessions
• Depressions
• “Busts”

• Expansions
• “Booms”
Economic Indicators

• Gross Domestic Product
• National Income
• Price Level
• Unemployment Rate
• Stock Market Indexes
• Interest Rates
• and many more.......
Macroeconomic Schools of Thought
Global Finance

**Chinese Yuan at 8-month high against dollar**

**Euro gains as bank fears ease; yen continues slide versus dollar**

**Greek current account deficit narrows on recession, debt cut**