

The Growth of the American Economy

Performance:

What has been the long term performance?

What measures do we use?

Income, real income, real income per capita

See chart Ca-c in HSUS

International comparisons

Ups and downs—business cycles and long swings, booms and busts

Interjection:

Why we must have the super rich for growth—see Hayek, the Constitution of Liberty (not on reserve or on reading list) if you want more on this. Ties back to main theme on the importance of technological change.

Sources of growth:

More of the same old physical capital? Not really--do the math.

More inputs per person? Not really in the modern era

Labor inputs

Participation rate

Hours worked per worker

Key: Technological change

About 60 percent of all women are in the labor force, compared with nearly 75 percent of all men. (The participation rate is the share of the population 16 years and older working or seeking work.)

The long-term increase in the female labor force largely reflects the greater frequency of paid work among mothers.

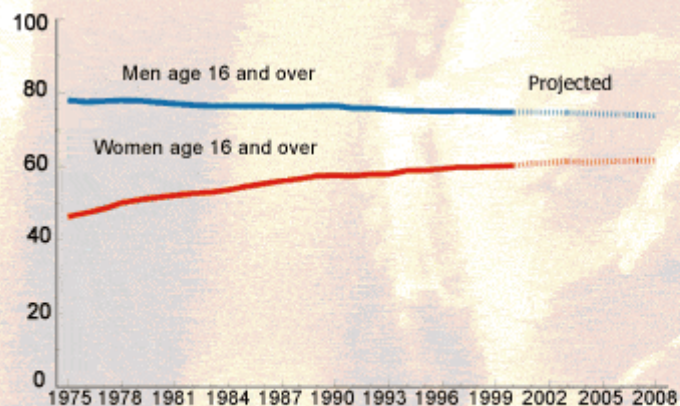
The slow long-term decline in work activity among men reflects, in part, the trend to earlier retirement.

Women now account for 47 percent of the labor force, up from 40 percent in 1975.

DID YOU KNOW?

Among married-couple families where both the wife and the husband work, about one-fifth of the wives earn more than their husbands.

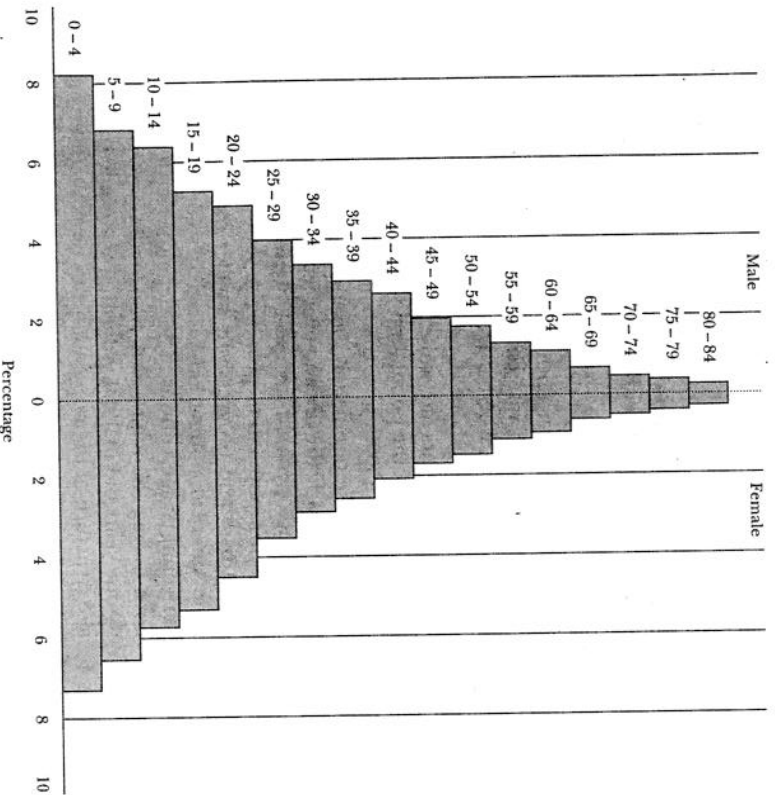
Labor force participation rates, 1975-2008



Source: Bureau of Labor Statistics. In percent.

FIGURE 8.5

Age Structure of the Population in the Rural North in 1860



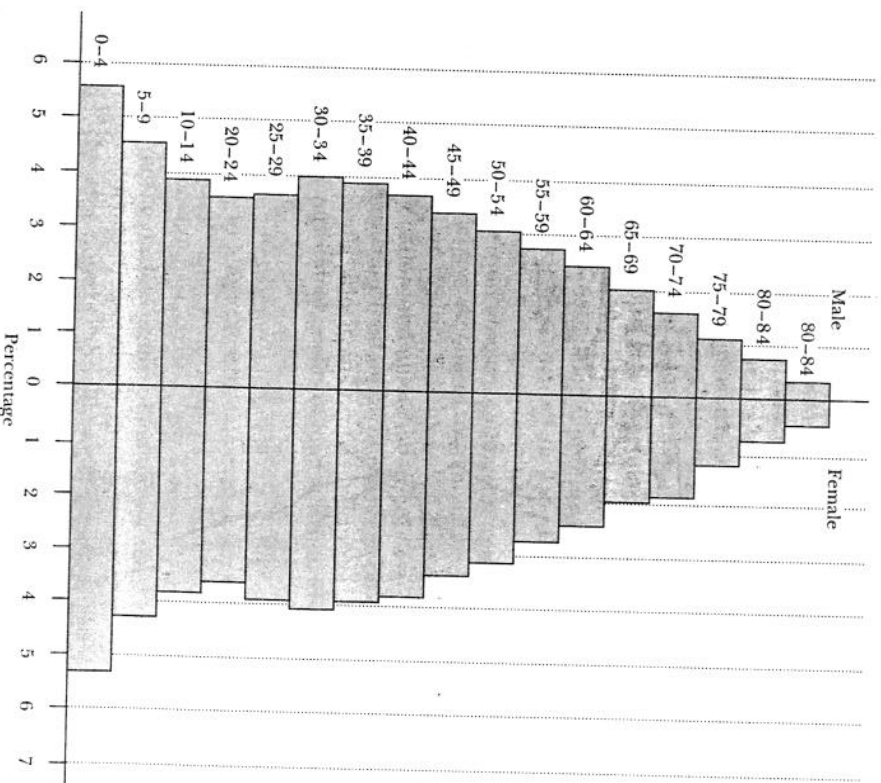
Source: Manuscript census data from the Bateman-Fotisi sample.

the provision of a safe water and safe milk supply. By age ten, on the other hand, most infant and childhood diseases no longer pose so great a threat to life, and therefore, life expectancy at age 10 (e_{10}) is often preferred as an index of mortality. Data show rising life expectancy (implying falling mortality) throughout most of the eighteenth century.¹⁶ But life expectancy seems to have declined during the first half of the nineteenth century, falling below levels at the start of the eighteenth century by the 1830s. This trend reversed itself about the time of the Civil War; since then life expectancy has generally increased, and by implication, mortality has decreased.¹⁷

¹⁶ Ibid.
¹⁷ Ibid.

FIGURE 8.6

Age Structure in 1950



Source: Donald Bogue, *The Population of the United States* (Glencoe, Ill.: Free Press, 1959): 107.

The decline in the birthrate during the nineteenth and twentieth centuries reflects changes in society's preferences and the need for children. However, since few people wish to die, the change in death rates must be explained by other factors. For many years, the conventional wisdom has attributed declining death rates to improved medical care and medical knowledge, reduced virulence of diseases through mutation in the disease organism or human immunity, improvements in personal hygiene, and the provision of public sanitation.

Labor Force Participation 1850-1900

