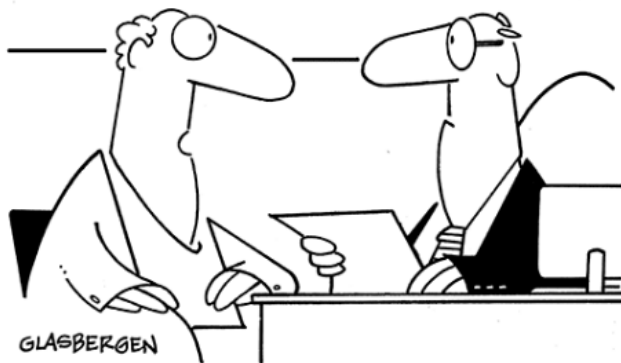


ECONOMICS in the LONG RUN

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Bootcamp February 2023

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INVESTMENTS AND FINANCIAL PLANNING



"My short-term financial goal is to survive until Tuesday.
My long-term financial goal is to survive until Friday."



Economic Growth

[e-kə-'nä-mik 'grōth]

An increase in the production of economic goods and services, compared from one period of time to another.

Investopedia

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Local resources:

- Insert your local professional development opportunities (if applicable)

What Should Students Understand About Long Run?



- 1. What is Long Run?
- 2. Why should society be more concerned about Long Run than Short Run?
- 3. What contributes to Long Run?
- 4. How can politics affect Long Run?
- 5. How does Fiscal Policy affect Long Run?
- 6. How does the Federal Reserve affect Long Run?
- 7. How can student envision themselves in the Long Run?



EconEdLink

- Economic Growth Video and Quiz
- [EconEdLink - Economic Growth Video and Quiz](#)

- Economic Data Lesson by Scott Wolla
- [EconEdLink - Economic Data Lesson: Economic Policy Options](#)

- How is Our Economy Doing?
- [EconEdLink - How is Our Economy Doing?](#)

Resources- MRU-

[Growth Rates Are Crucial | Marginal Revolution University \(mru.org\)](https://www.mru.org)



The image shows a YouTube video player interface. The video title is "Growth Rates Are Crucial" by Marginal Revolution University, which has 323K subscribers. The video is part of a course titled "Principles of Economics: Macroeconomics" (83 videos). The video is currently playing, showing a man in a suit speaking. The video player includes a "SUBSCRIBED" button, a "Watch later" button, and a "Share" button. A red play button is overlaid on the video. The video player is set against a background of a vintage television set.

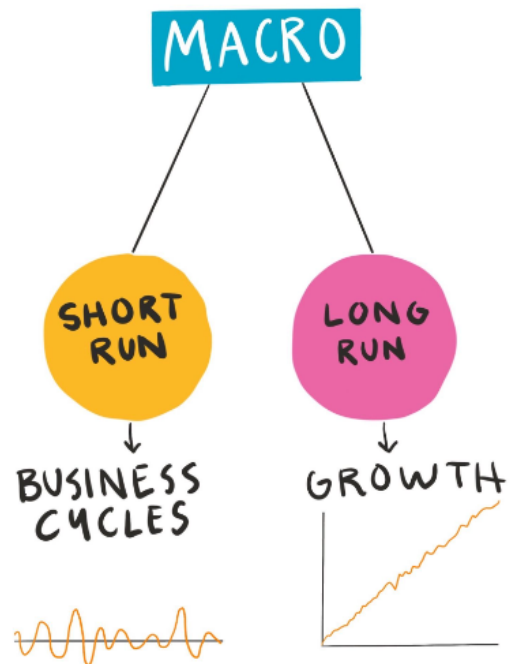
MACRO

Watch on YouTube

Principles of Economics
Macroeconomics
COURSE (83 VIDEOS)

- ▶ GDP
- ▼ The Wealth of Nations and Economic Growth
 - ▶ Basic Facts of Wealth
 - Practice Questions
 - ▶ **Growth Rates Are Crucial**
 - Practice Questions
 - ▶ What Caused the Industrial Revolution?
 - Practice Questions
 - ▶ Growth Miracles and Growth Disasters
 - Practice Questions
 - ▶ The Importance of Institutions

Short run Production Function VS Long run Production Function



@unofficialyecon

Production Function

Short Run

Short period of production – some of the inputs cannot be varied because there is not enough time.

For example: for an employer it is easier to add new labor than new equipment.

Labor is an input factor that can be varied – which impacts production.

Long Run

There is enough time in this period of production for managers to vary all the inputs used to make a product – not just labor.

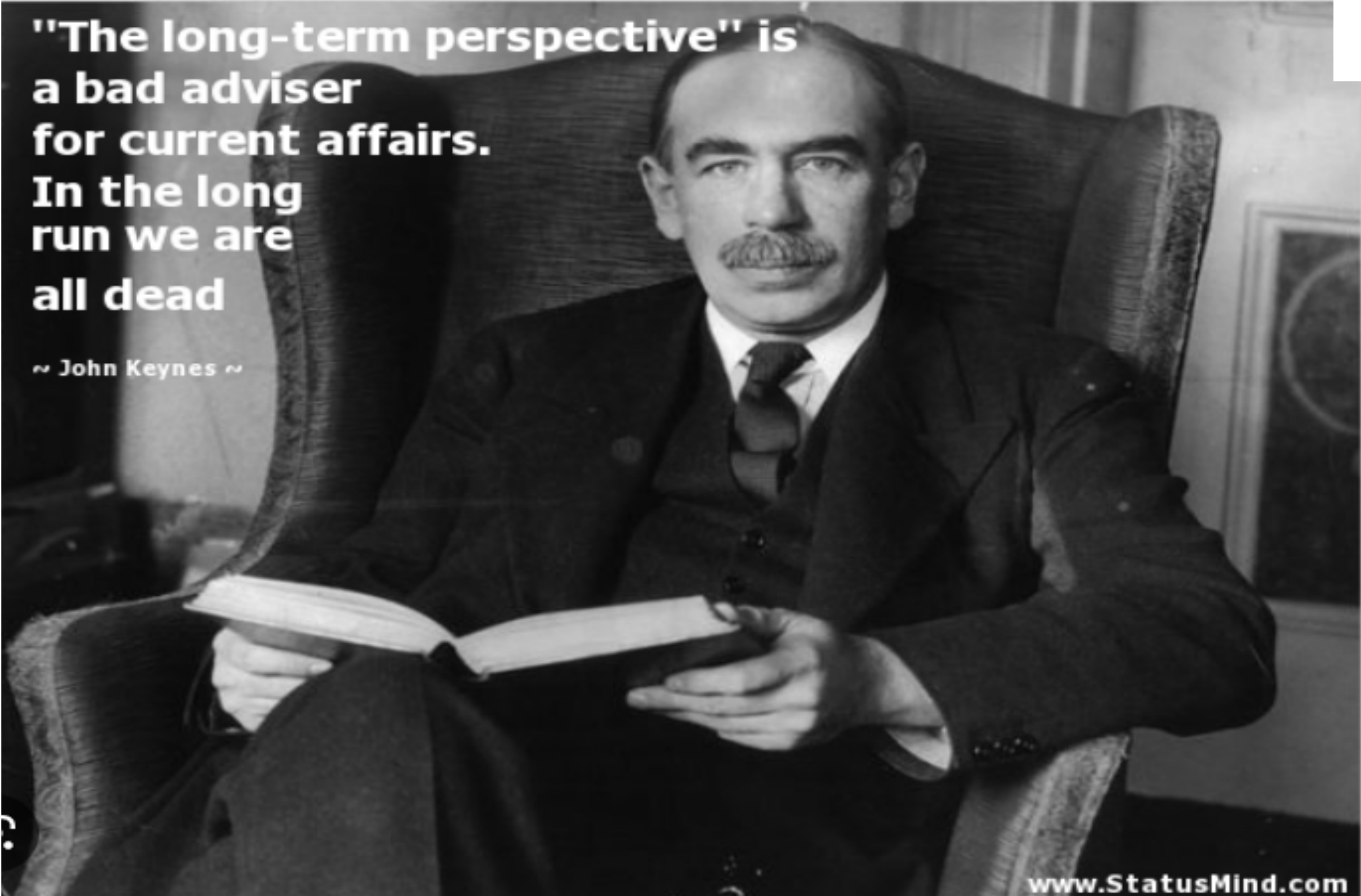
For example: new equipment, as well as labor, can be added to the existing setup to boost production.

Definitions of Long Run

The long run is a **period of time in which all factors of production and costs are variable**. In the long run, firms are able to adjust all costs, whereas in the short run firms are only able to influence prices through adjustments made to production levels. (Microeconomics)

In Macroeconomics, the long run is **the period when the general price level, contractual wage rates, and expectations adjust fully to the state of the economy**. This stands in contrast to the short run, when these variables may not fully adjust.



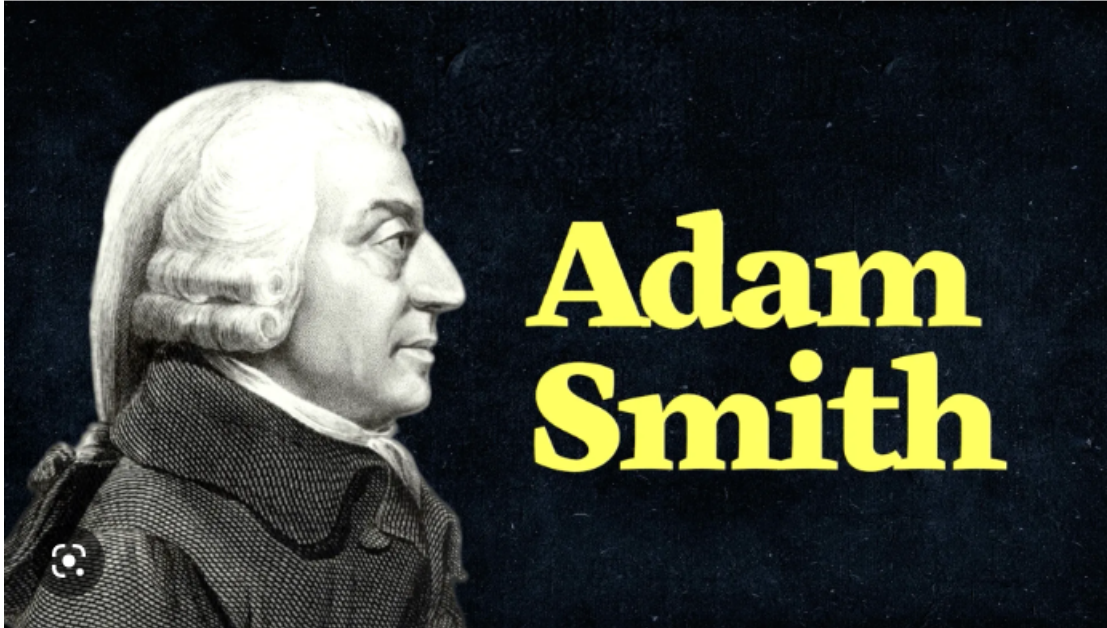
A black and white photograph of John Maynard Keynes sitting in a large, upholstered armchair. He is wearing a dark suit, a white shirt, and a dark tie. He has a prominent mustache and is looking directly at the camera with a neutral expression. He is holding an open book in his lap with both hands. The background is slightly out of focus, showing what appears to be a window or a framed picture on the wall.

**"The long-term perspective" is
a bad adviser
for current affairs.
In the long
run we are
all dead**

~ John Keynes ~



"We can't afford long term planning. We may not even be here tomorrow."



**Tomorrow the sun will rise and shine
According to Adam Smith the economy
will self-correct and all will be fine in
the Long Run.**

Economic Growth and the Determinants of Productivity

An economy's productive capacity is determined by the quantity/quality of its productive resources and technology. In the short run an economy's total productive capacity is fixed, but in the long run an economy can increase its capacity to produce goods and services by *increasing the quantity and/or the quality of its productive resources or through technological progress.*

An economy's productive capacity is determined by the quantity and quality of its resources, including:

- **Human resources:** labor resources and *human capital*. Human capital refers to the education and skills possessed by labor resources. Education is an investment in human capital because it increases workers' ability to produce.
- **Natural resources:** the gifts of nature that are useful in producing goods and services.
- **Capital goods:** goods (e.g., equipment and machinery) used to make other goods and services.
- **Technology:** technology refers to the way that resources are combined to produce goods and services. Technological progress means that there is a new and better way to produce. Technological progress occurs when production becomes more efficient—that is, when more output can be produced using the same inputs.

Human Resources

- Education and development of specialized skills

The Difference Between Hard Skills vs. Soft Skills

Hard Skills

Hard skills refer to technical skills or abilities that can be quantified or measured.

Examples of hard skills are:

- Software proficiency
- Speaking a second language
- Programming skills
- Degree or certification
- Machine operation



Soft Skills

Soft skills focus more on your social ability and how you relate with other people.

Examples of soft skills are:

- Communication
- Flexibility
- Leadership
- Collaboration
- Teamwork



 Human Resources Training Courses



Working capital – such as stocks of component parts



Major Transport Infrastructure such as the Underground



Bulky units of capital enables mass production to happen



Agriculture drones used to check crops and spray fertiliser



Giant servers used for cloud computing services



International air traffic control networks

Capital Goods



Types of Natural Resources



Sun



Forest



Rock



Minerals



Animals



Air



Oil



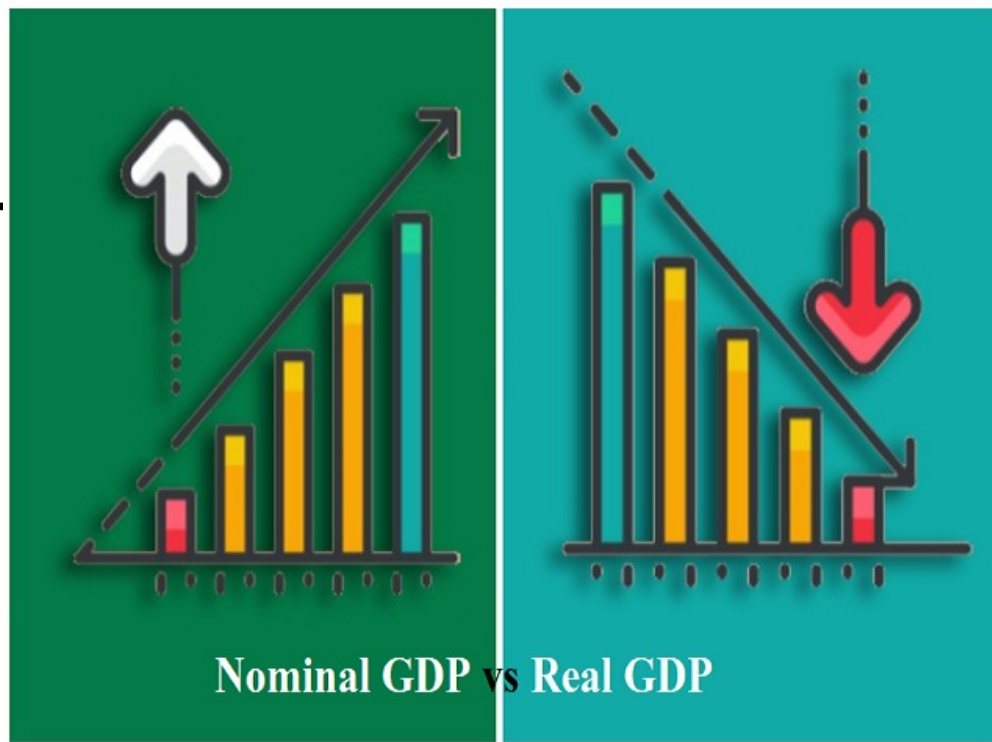
Water



Soil

Natural Resources

- These are the gifts of nature. You have more resources such as land, water and mineral rights → you will have more economic growth.





$$\text{Real GDP Per Capita} = \frac{\text{Real GDP}}{\text{Population}}$$



What to Know About Real GDP Per Capita

Real GDP per capita is a measurement of the total economic output of a country divided by the number of people and adjusted for inflation

It's used to compare the standard of living between countries and over time

the balance

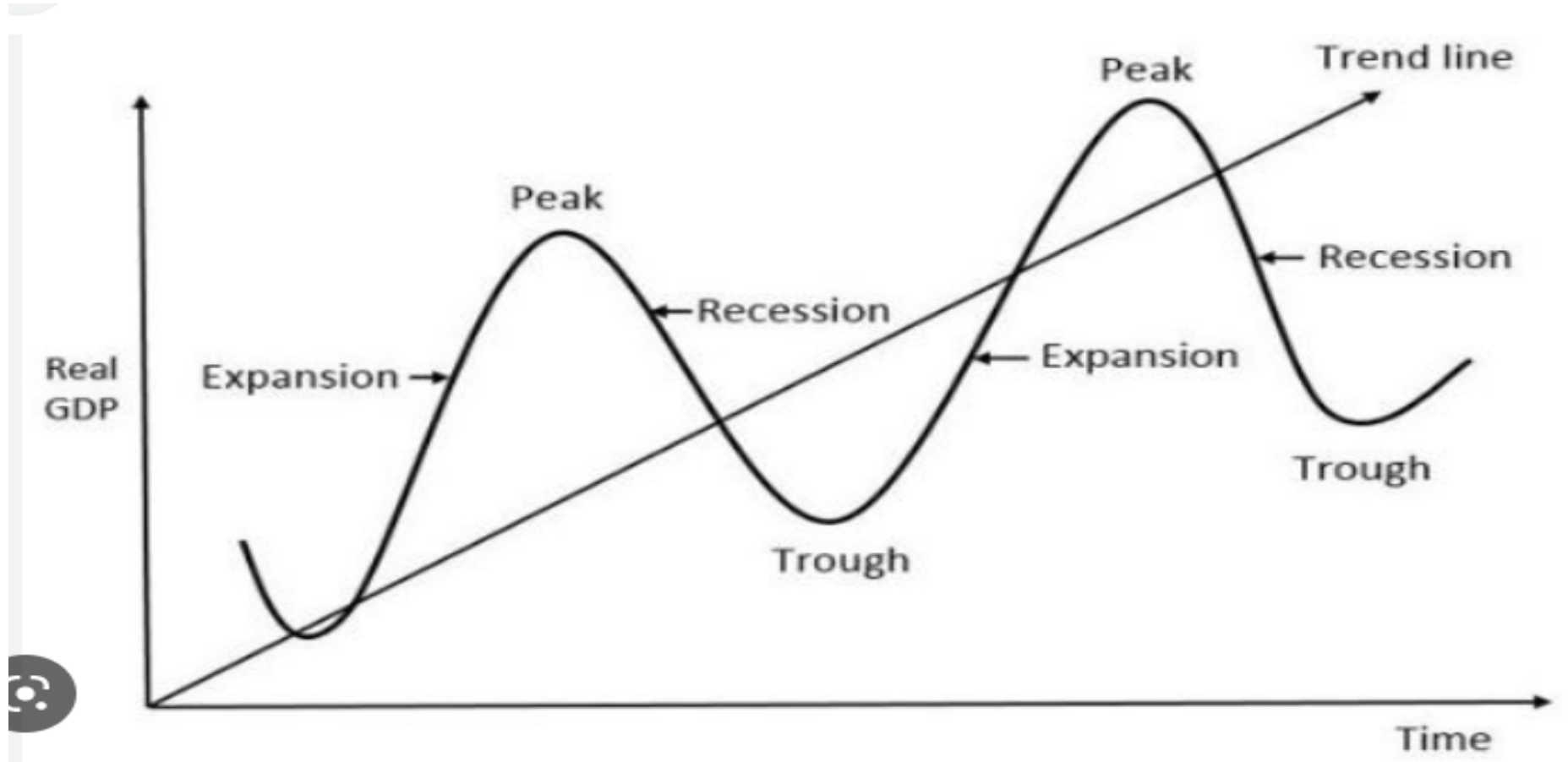
Government/ Fiscal Policy & Long Run



- Government funded Research and Development
- Investment tax credit
- Research and Development tax credit
- Government job training programs
- Funding for Education



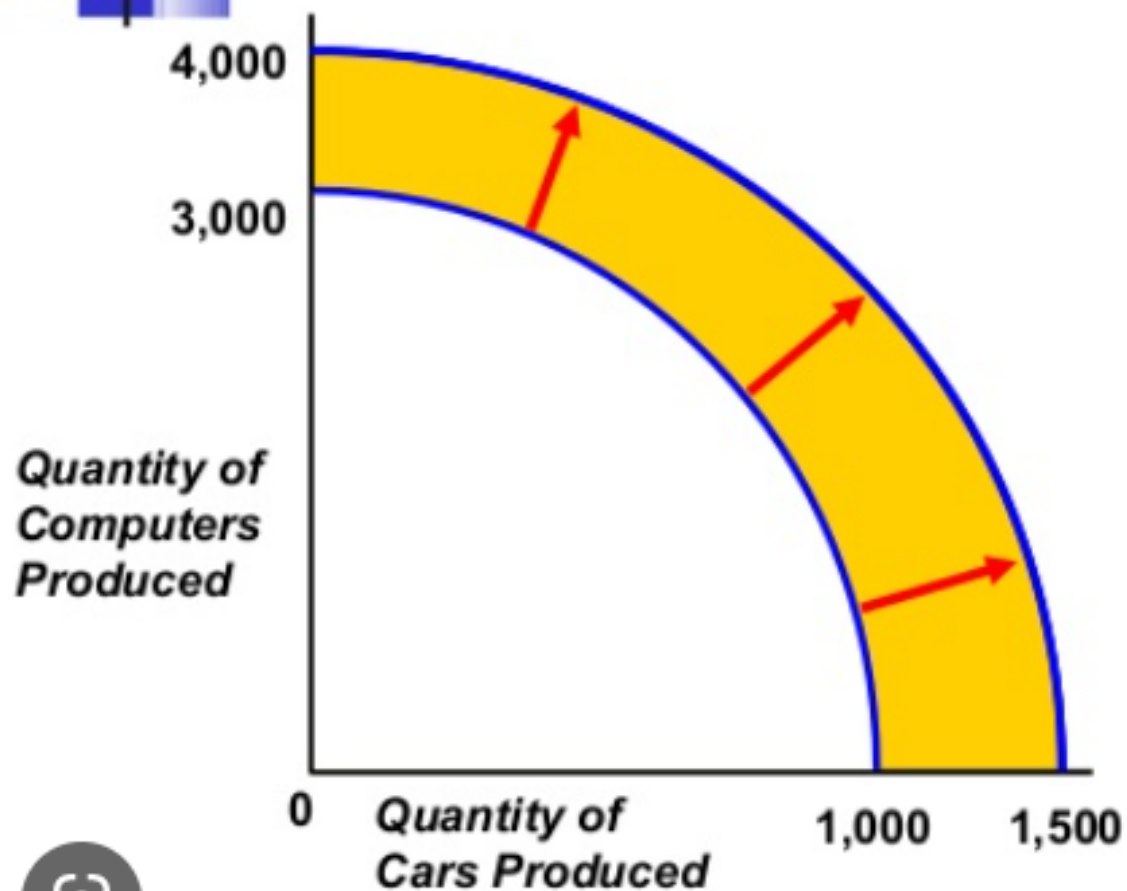
Does This Chart Show Economic Growth?



Trend line shows
Economic Growth



Economic Growth—Long Run



- Over time an economy can grow
 - More labor and capital
 - Technological progress
- What happens to the PPF?
- Shifts outward!
- Previously unattainable levels of production...
...now become attainable



Federal Reserve Bank & Long Run

Low Interest rates allow the private sector to

A. Invest in capital stock

B. Spend money in Research and Development

C. Become more efficient and specialize in products and services

D. Further their education opportunities

E. Plan for the future with growth in mind

F. Become more efficient and specialize in products and services

Create a RAP

Human Resources
Natural Resources
Technology
Capital Goods

Have the students create a rap on one of the four contributions to Long Term Economic Growth.

1. Divide the class into groups 4-5 students. Assign each group a contribution to LR Growth. (Or have them select)

2. The rap should be at least 10-12 lines

3. Give the students 15-20 minutes.

4. You can play a beat on the computer to get them in the mood

5. Present and the share the raps on your class page.

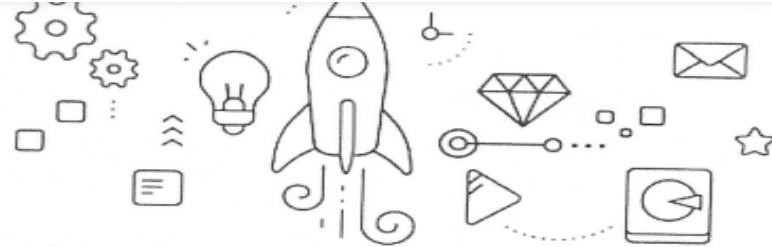
6. I had some of them present on the announcements –
Once a week.

RAP ON LONG RUN

(Based on the CEE page on LR growth)

•RAP FOR LRAS HUMAN RESOURCES

-
- Yo yo yo study economics and it's a sure bet
-
- You can't accomplish anything without a little sweat
-
- If you wanna start a business, I'm doin' you a favor
-
- You can't do everything, you gotta have labor
-
- It's not just people, its only where you start
-
- You don't just hire anyone, they gotta be smart
-
- They gotta have skills and knowledge in their head
-
- If you wanna have a shot at getting that bread
-
- So help 'em with their training, improving what they know
-
- And the overall economy is really gonna grow
-



STARTUP IDEAS

INNOVATION:

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Innovation is what drives an economy. In the past 16 years (your life span) there has been numerous innovation developments. We will be looking at various innovations in the USA to appreciate the advances in making our lives better. This will be counted as a project/ alternative assessment. Let your creativity emerge as a poster which will include the following:

Part 1 Project

You will research in ONE area and compile this on your poster of 11 x 17

1. Description of the innovation
2. Explain how it has changed the condition of society
3. What other innovation did this help create?
4. Create a picture (draw or copy)

Here are the areas in which you will select

1. Medicine
2. Entertainment/ Music
3. Sports
4. Production/ Manufacturing/ Distribution
5. Education
6. Energy



**THANK
YOU**

AND THIS

IS END OF MY

POWERPOINT PRESENTATION