

Slides

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The United States of America:
The Market Capitalist Leader

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The United States of America: The
Market Capitalist Leader

We hold these truths to be self-evident:
that all men are created equal, that they are endowed by
their Creator with certain unalienable rights; that among
these are life, liberty, and the pursuit of happiness; that to
secure these rights, governments are instituted among
men, deriving their just powers from the consent of the
governed; that whenever any form of government
becomes destructive of these ends, it is the right of the
people to alter or abolish it, and to institute new
government, laying its foundation on such principles, and
organizing its powers in such form as to them shall seem
most likely to effect their safety and happiness. —Thomas
Jefferson, *The Declaration of Independence*, 1776

3

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Therefore for physical gratifications must be regarded
as the original source of that secret disquietude
which the actions of the American betray, and of
that inconstancy of which they daily afford fresh
examples. He who has set his heart exclusively upon
the pursuit of worldly welfare is always in a hurry,
for he has but a limited time at his disposal to march,
to grasp, and to enjoy it.

—Alexis de Tocqueville, *Democracy in America*, Vol. II,
1840, p. 137.

The business of America is business.
—Calvin Coolidge, U.S. President, 1923–1929

4

INTRODUCTION:
THE WORLD'S LEADING ECONOMY

- The United States of America has had the world's largest aggregate economy for more than a century and continues to lead the world at the beginning of the twenty-first century.
- Ranking third in population, the United States has been marked by a vigorous market capitalist system unencumbered by a history of Feudalism and blessed with rich land and generally abundant resources.
- Largely open to immigration, it has a highly diverse and internally mobile population with generally high educational levels and skills and entrepreneurial traditions.
- A leading center of innovation since the mid-nineteenth century, it is the current technological leader of the world economy.

5

INTRODUCTION:
THE WORLD'S LEADING ECONOMY

Even though the United States is a new world society with a relatively short history of continuous cultural development, it has the oldest continuously existing constitution of any nation on earth, written in 1787 and in effect two years later. The constitution established the relatively large size of the United States as a unified free trading area with well-established private property and individual rights and a functioning democratic political system, although in its earlier

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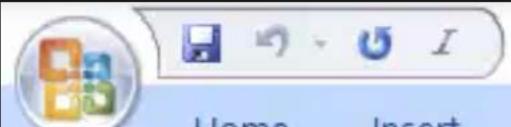
INTRODUCTION:
THE WORLD'S LEADING ECONOMY

- Even though the United States is a mere 3% of the world's population, it is the world's largest economy, with a GDP that is twice that of the second largest economy. It has the oldest continuously existing constitution of any nation on earth, written in 1787 and in effect since 1789.
- The constitution emphasizes the principles of large-scale, established private property and individual right and a functioning democratic political system, although with some

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 - The establishment of an independent judiciary as a third branch of government, balancing the executive and the legislative, supported the functioning of the system of contracts and property that allowed the market capitalist economy to function flexibly and thrive dynamically

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- Even though the United States is a new "World Society" with a relatively short history, its economic development, its political system, and its culture have had a significant influence on the world, which won TITAN and the two world wars.
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- Nevertheless, the history of the American economy and society has not been without difficulties and blemishes. Its greatest crisis and conflict was over the slavery system that divided the industrial North from the cotton-growing South.
- This culminated in the Civil War of 1861–1865, in which more Americans died than in all its other wars put together.
- Fought mostly in the South, where sometimes a bitter memory of it still lingers, the Civil War resulted in the end of slavery after the North's victory ensured the continuation of the union of the states.
- But the emancipation of the slaves did not lead to the economic or political uplift of the African American population, as an oppressive segregationist system was put in place after the immediate postwar Reconstruction period.

INTRODUCTION:
THE WORLD'S LEADING ECONOMY

- The westward expansion of the United States was accompanied by the conquest and suppression of the Native Indian population, much of which was confined to reservations, usually located on poor land; this ethnic group is still the poorest in the country.
- More generally, a high level of income inequality and of poverty relative to other advanced market capitalist economies characterizes the United States.

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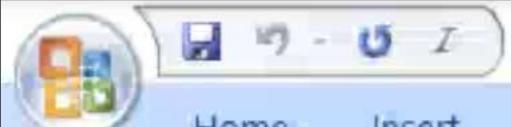
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- Even though the United States is a new World country with a short history, it has become one of the most powerful, if not the leading, commercially oriented countries of any nation on earth, written in 1776 and in effect two years later.
- The circumstances established the eventually large area of the United States as a unified free trading zone with well-established private property and individual rights and a functioning democratic political system, although in earlier years these individual political rights were not fully extended to all members of the population.
- The establishment of an independent judiciary as a third branch of government, balancing the executive and the legislature, supported the functioning of theories of contracts and property that allowed the market capitalist economy to function freely and transparently.

**INTRODUCTION:
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- Nevertheless, the history of the American economy and society has not been without difficulties and challenges. In general, there have been two main slavery systems that divided the industrial North from the cotton-growing South.
- The culminated in the Civil War of 1861-1865, in which more Americans died than in all other wars put together.
- Roughly equally in the south, where sometimes a bitter memory of its challenges, the Civil War resulted in the end of slavery after the North's victory ensured the continuation of the union of the states.
- But the emancipation of the slaves did not lead to the economic or political uplift of the African American population, as an oppressive segregation system was put in place after the immediate post-war Reconstruction period.

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- The United States was the fountainhead of the key organization of the modern world economy, the industrial corporation, whose standard form, the managerial, line and staff hierarchy, initially emerged in the railroads that would span the continent in the latter part of the nineteenth century.

INTRODUCTION:
THE WORLD'S LEADING ECONOMY

- Arising from the standardization of the American system, "Fordism" assembly-line production first emerged in the U.S. automobile industry, the sector in which the modern multinational corporation would develop, with the rise of the General Motors Corporation and the multivisional hierarchy.
- Although there had been multinational corporations previously, such as the Dutch and British East India companies, the American multinational corporation became the model for today's multinational and transnational corporations that are arguably the most important institutional actors in the contemporary world economy.

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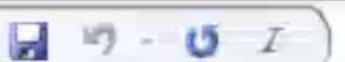
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- New England, the northeast of the American economy and society, has had a long history of industrial development. It is a region of high productivity and economic activity.
- The industrial revolution began in New England around 1800.
- The industrial revolution spread to the Midwest and West in the late 19th century.
- Industrialization was driven by factors such as abundant natural resources, a large labor force, and a favorable political climate.
- The Civil War (1861-1865) helped to unify the country and provided a stable political environment for industrial growth.

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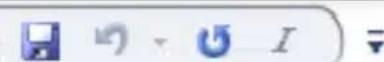
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- The institutional foundation for modern American macroeconomics was established in 1913 (the same year that Ford started its first assembly line), with the simultaneous passage of a constitutional amendment to allow the levying of the federal income tax and the establishment of the Federal Reserve System.

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- The Federal Reserve System managed monetary policy and aided the more general development of a strong financial system in the United States that underpinned its economic growth.
- After World War I the United States displaced Great Britain as the world's leading financial power, although the nation largely continued to look inward and tried to avoid a global role.
- The Great Depression of the 1930s and the presidency of Franklin D. Roosevelt brought about a large expansion of the federal government's role in the U.S. economy, moving it away from the nearly pure laissez-faire system it had been previously.

INTRODUCTION:
THE WORLD'S LEADING ECONOMY

- World War II brought a dramatic change in attitudes and policies regarding the rest of the world.
- After the United States took the lead at the Bretton Woods conference of 1944, located Washington, D.C., became the headquarters for the new postwar global economic institutions of the International Monetary Fund (IMF) and the World Bank, and New York City became the seat of the United Nations (UN), successor to the United League of Nations.

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- The institution that underpins the modern American economic policy was established in 1913 (the same year that Ford started his first assembly line), with the simultaneous passage of a constitutional amendment to allow the levying of the Federal Income tax and the establishment of the Federal Reserve System.

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THE WORLD'S LEADING ECONOMY

- The Federal Reserve System managed monetary policy and aided the more general development of a strong financial system in the United States that underpinned its economic growth.
- After World War I the United States displaced Great Britain as the world's leading financial power, although the nation largely continued to look inward and tried to avoid a global role.
- The Great Depression of the 1930s and the presidency of Franklin D. Roosevelt brought about a large expansion of the federal government's role in the U.S. economy, moving it away from the nearly pure laissez-faire system it had been previously.

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- World War II brought a dramatic change in attitudes and policies regarding the rest of the world.
- After the United States took the lead at the **Bretton Woods conference of 1944**, its capital, Washington, D.C., became the headquarters for the new postwar global economic institutions of the International Monetary Fund (IMF) and the World Bank, and New York City became the site of the United Nations (UN), successor to the ill-fated League of Nations.
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- During the 1990s, a period of deregulation of the U.S. economy, American leadership of the world economy was challenged by other countries, especially Japan.
- However, the stagnation of the Japanese economy after the 1990s collapse of its asset bubble, followed by a series of New Economy high-technology start-ups based in the United States (late 1990s), led to the dollar's rapid rise, reducing exports, and reduced the primacy of the U.S. position.
- But this development was also accompanied by a speculative bubble in the U.S. stock market that peaked in early 2000, but high-tech stocks have since fallen. Between 1995 and 2000, the tech stocks market value declined by more than 50 percent from nearly \$1 trillion to \$200 billion after the崩壊 of the dot-com bubble in late 2000.

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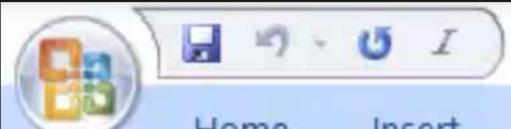
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- But this development was also accompanied by a speculative bubble in the U.S. stock market that peaked in early 2000. The high-tech sector has since been hit by a slowdown as the high-tech-dominated NASDAQ index declined by more than 60 percent from March 2000 to October 2001 after the terrorist attacks on New York City and Washington, D.C.

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- The U.S. economy offers dynamism and widespread prosperity, but this prosperity is not shared by all, with many seriously missing out on the benefits of America's economic success.

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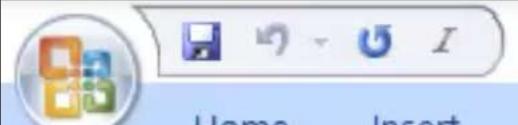
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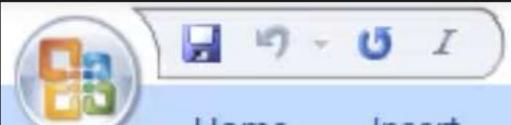
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- George Washington replaced Articles by the constitutions in 1789 because of interstate conflicts and high inflation.

From Revolution to Civil War

- The constitutions established the supremacy of the federal government.
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22 Transportation infrastructure: road, canal, rail

- During the early 1800s, the US economy was led by developing a transportation infrastructure that linked the East Coast with western colonies through migration and economic development, western expansion
- During the 1820-1840 period the focus was on canal building, most of it financed by state governments, the most important being the Erie Canal in New York State, completed in 1825, connecting the Great Lakes to the Atlantic Ocean

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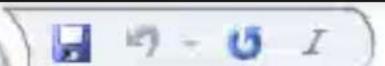
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- From the 1840s on private railroad construction supplanted the canals, peaking in the 1880s after the federal government supported it through massive land grants.
- Development of this transportation infrastructure provided crucial support for the expansion of American agricultural production, which became a leading export sector and remains so today.

23

Territorial Expansion

- The early 1800s also saw territorial expansion of the United States, with the Louisiana Purchase of 1803 from France doubling the country's size with land west of the Mississippi River.
- The 1848 Mexican War added more of the Southwest, including California.
- By 1853, all the territory of the current United States had been acquired.

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- Development of this transportation infrastructure provided crucial support for the expansion of American agricultural production, which became a leading export sector and remains so today.

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21 From Revolution to Civil War: Profitability of slave-based cotton production

- The issue of tariffs, also the major source of revenue for the federal government throughout most of the 1800s, would sharply divide the industrializing North from the cotton-exporting South where invention of the cotton gin in 1793 dramatically increased the profitability of slave-based cotton production

22 Transportation Infrastructure: road, canal, rail

- During the early 1800s, the US economy was led by the development of transportation infrastructure that linked the West Coast with major coastlines with migration and economic development westward.
- During the 1820-1860 period the focus was on canal building, notably the Erie Canal from New York City to Lake Erie, completed in 1825.
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23 Territorial Expansion

- The early 1800s also saw territorial expansion of the United States, with the Louisiana Purchase of 1803 from France doubling the country's size with land west of the Mississippi River.
- The 1848 Mexican War added most of the Southwest, including California.
- By 1853, all the territory of the current United States had been obtained by war, negotiation, or purchase, except for Alaska (purchased from Russia in 1867) and Hawaii (obtained from the Hawaiians by annexation in 1898).
- These territories gradually joined the Union as states, a process completed with the accession of Hawaii in 1959.

24 Civil War

- The question of whether or not slavery would be allowed in the new states of the Great Plains during the 1850s finally led to the Civil War. With the old Democratic Party split, in 1860 the new Republican Party succeeded in getting Abraham Lincoln elected president.
- Lincoln firmly opposed expanding slavery into the West. His election triggered secession by South Carolina and ten other southern states, a group that formed the Confederate States of America. Lincoln's decision to preserve the Union after the firing on federal forces in Charleston, South Carolina, in April 1861 led to the Civil War.
- Fortified by its rising industrial strength and increasing immigration from Europe, the North won the war, reunified the nation, and outlawed slavery in 1865.

25 Growth and Reform on the Road to Global Dominance

- At the end of the Civil War, American industry matched British industry in productivity and surpassed it over the next several decades.
- By the end of the nineteenth century, the United States had the world's largest aggregate economy.

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Technological Innovation

- Major technological innovations included the invention of the light bulb by Thomas Edison, who founded what became the General Electric Corporation, and the (co-invented) invention of the telephone by Alexander Graham Bell, who founded what became AT&T.
- Along with widespread urbanization, electrification proceeded strongly by the end of the century.
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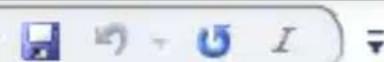
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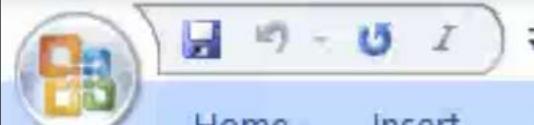
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- The era from 1865 to 1900 was known as the *Gilded Age*.

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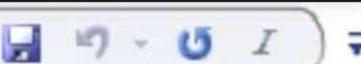
Progressive Era Reforms

- The beginning of the twentieth century saw a backlash against the laissez-faire model, during the Progressive Era efforts under President Theodore Roosevelt (1901-1909) culminating in the election of Woodrow Wilson (1913-1920).
- Wilson was known as the "trust buster," because he attempted to break up various trust monopolies.
- He also sought to regulate the railroads and communications.

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- Roosevelt also expanded the national park system and conservation efforts, and signed laws to regulate food safety.
- Under President Wilson in 1913, **the federal income tax was permanently allowed**, the Federal Reserve System was established, tariffs were reformed, and in 1920 women won the right to vote.

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Rapid Economic Growth of 1920s

- The rapid economic growth of the Roaring Twenties moved back toward laissez-faire policies.
- In the 1920s the American economy and society were transformed by the automobile.
- By the end of the decade a majority of American families owned a car, made easier by the spread of inexpensive mass-produced automobiles such as the Model T Ford.
- The 1920s also saw radios spread throughout society, uniting America through mass communication.
- The 1920s ended with the stock market crash of October 1929, which was followed by the Great Depression that dominated the 1930s.

31

Rapid Decline of Economic Growth and Great Depression in 1930s

- The American economy declined about 40 percent by 1933, when the unemployment rate reached at over 25 percent as Franklin D. Roosevelt assumed the presidency.
- Debate over the causes of the Great Depression continues today, with leading explanations including:
 - poorly constructed monetary policy in the sale of the stock market crash;
 - a decline in consumer confidence in the late 1920s;

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- This era saw the highest rates of immigration to the United States until the 1990s, and participation in World War I resulted in efforts to plan the U.S. economy.
- The flow of immigration slowed sharply after restrictive legislation was passed in 1924.

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- The beginning of the twentieth century saw a backlash against these laissez-faire policies during the Progressive era under President Theodore Roosevelt (1901–1909) and continuing under Woodrow Wilson (1913–1921).
- Roosevelt was an advocate of trust-busting, environmentalism, and conservation.
- Wilson also expanded the national park system and conservation efforts, and helped lead to regulation of utility companies.
- Under Wilson's administration, the Federal Reserve System was established, tariff reform continued, and civil rights were won for African Americans and prohibition was introduced through the 18th Amendment.
- The law of segregation around the country was reinforced through the Civil Rights Act of 1909.

30 Rapid Economic Growth of 1920s

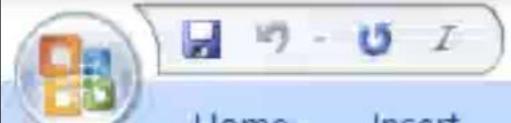
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- The American economy declined about 40 percent by 1933, while the unemployment rate reached at over 25 percent as Franklin D. Roosevelt assumed the presidency.
- Debate over the causes of the Great Depression continues today, with leading explanations including:
 - poor contractionary monetary policy by the Federal Reserve
 - a banking crisis originating in the Midwest in 1930;

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Progressive Era Reforms

- An expression of reformism in politics, business, and society during the Progressive era and under Woodrow Wilson (1913-1921).
- Progressives believed that society deserved better government and that it was the responsibility of the government to regulate business.
- Roosevelt also required the national banks to regulate their activity.
- Louis Brandeis (1856-1940), the Federal Trade Commission was established by Congress in 1914 to regulate business.
- The Federal Reserve Act of 1913 gave the Federal Reserve System the right to issue banknotes.
- The Sherman Antitrust Act of 1890 was strengthened in 1914.
- The Hepburn Act of 1906 gave the Interstate Commerce Commission the power to regulate railroads.
- The Pure Food and Drug Act of 1906 gave the U.S. Food and Drug Administration the power to inspect food products.

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- The American economy declined about 30 percent by 1933, when the unemployment rate crested at over 25 percent as Franklin D. Roosevelt assumed the presidency.
- Debate over the causes of the Great Depression continues today, with leading explanations including:
 - overly restrictive monetary policy in the wake of the stock market crash;
 - a decline in consumption expenditures in the late 1920s;
 - a collapse of business investment due to a collapse of business confidence after the stock market crash;
 - a collapse of the banking sector after the stock market crash as real debts mounted with deflation;
 - an international trade war that erupted after passage of the Smoot-Hawley tariff by the United States in 1930; and
 - the effects of hapless global efforts to maintain the gold standard that culminated in a total collapse of the international financial system

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Rapid Decline of Economic Growth and Great Depression in 1930s

- By late 1933, what had been a bad recession became the Great Depression.
- Three explorations are most mutually exclusive.
- Despite gradual growth after 1933, the U.S. economy fully emerged from the Great Depression only with World War II in the early 1940s.

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Increased Role of the Federal Government

- The Great Depression altered the American political landscape.
- President Roosevelt initiated the New Deal, an enormous increase in the federal government's role in the U.S. economy.

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Progressive Era Reforms

- The beginning of the twentieth century saw a backlash against these laissez-faire ideals during the Progressive era under President Woodrow Wilson (1913-1923).
- The Pure Food and Drug Act of 1906 ensured the safety and quality of food and pharmaceuticals.
- Roosevelt also supported the national parks system and conservation efforts, and signed the Antitrust Act to regulate railroads.
- Under Progressive legislation, 300+ state-level insurance bureaus, primarily by allowing the medical insurance system established.
- Taft was elected, and in 1910 workers won the right to strike.
- The National Industrial Recovery Act of 1933 was the first major piece of legislation that attempted to regulate business and the U.S. economy.
- The flow of immigration slowed sharply after contraction legislation passed in 1924.

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 - Coolidge's active monetary policy in the sale of the stock market crash.
 - A deflationary consequence of the Great Smog.
 - A combination of economic and political factors, including the collapse of business confidence in the stock market crash.
 - A collapse of the banking sector after the stock market crash as well as the closure of banks after the Great Depression.
 - An international trade war that ensued after the passage of the Smoot-Hawley Tariff by the United States in 1930 and the effects of higher global oil prices on the gold standard and inflation in a total collapse of the world's financial system.

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Increased Role of the Federal Government

- The Great Depression altered the American political landscape.
- President Roosevelt initiated the **New Deal**, an enormous increase in the federal government's role in the U.S. economy.
- The federal government's share of GDP jumped from just under 1 percent in 1930 to nearly 8 percent by the late 1930s and shot up to over 41 percent by the end of World War II in 1945.

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Increased Role of the Federal Government

- Expanded federal government economic activities included:
 - the creation of the social security system,
 - stock market regulation
 - the Federal Deposit Insurance Corporation (FDIC) to insure bank deposits, and
 - the creation of agricultural price support and subsidy programs.
- Also established was the federally owned Tennessee Valley Authority (TVA) that built dams in the Tennessee River Valley to provide electric power and aid industrial and agricultural development.

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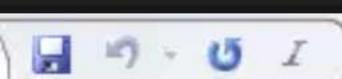
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Evolution of the American Economy since World War II

- After 1945 U.S. policymakers became caught up in the Cold War with the socialist world by the Soviet Union.
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- The 1950s saw renewed increases in the role of government in the economy with Keynesian fine-tuning of fiscal policy under Presidents John F. Kennedy and especially with the Great Society programs of President Lyndon Johnson (1963–1969).

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- Besides His War on Poverty, Johnson established the medicare programs, passed major civil rights legislation against racial segregation and voting rights legislation, and increased various social welfare programs for housing and welfare.
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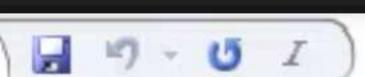
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- This trend has continued, even through the presidency of Democrat Bill Clinton (1993–2001), during whose tenure the welfare system was reformed to end permanent welfare.

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THE AMERICAN CORPORATION: PROSPECTS AND POLICIES:

Nature of the American Corporate Form

- Among America's most important contributions to the world economy has been its development of the organizational form of the modern corporation.
- An Anglo-American corporate form that differs markedly from those found in Japan, Germany, and other nations.
- It is marked by distinct internal hierarchies and divisions, led by strong (and highly paid) chief executive officers (CEOs), with relatively little control by banks, other firms, workers, or government.

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- Ownership is by stockholders, with a hierarchy in recent years to make CEOs and other top managers partners by giving them stock options as part of their compensation.
- This movement especially reduces the principal-agent problem arising from the separation of ownership and control in large, mature joint stock corporations, first identified by Adolf Berle and Gardiner Means in 1933.
- Corporations had previously existed in Britain, the Netherlands, and other countries. But they had always existed solely at the discretion of governments and usually at the discretion of monarchs.
- The emergence of the limited liability corporation is the fundamental institutional innovation.

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Nature of the American Corporate Form

- The U-form identified by Alfred Chandler:
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 - U-form is associated with manufacturing

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- During the 1920s, Alfred P. Sloan and Pierre S. Du Pont created the multidivisional M-form structure in the General Motors Corporation, with each division being essentially a distinct U-form subentity within the larger corporation
- Top management now compiles profits across divisions, which effectively compete with each other within the framework of the corporation
- The New Institutional Economics ideas of Ronald Coase and Oliver Williamson have emphasized that the way firms decide which activities to carry out themselves and which to outsource to other firms depends upon minimizing transaction costs

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- The M-form corporate form led to the emergence of industrial conglomerates in the 1960s
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- Because of this hierarchy, was the outcome of a cost of about 50% less in terms of what it would be if operations concerned only single managers
- Moreover this line would be regular-line managers, along with upper executives, with responsibilities and authority directly relating to the CEO, who would handle the interdependence and long-range strategic and investment decisions
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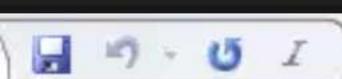
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- Led to economies of scale in manufacturing.

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- Led to Economies of scale in manufacturing

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THE AMERICAN CORPORATION: PROSPECTS AND POLICIES:**Nature of the American Corporate Form**

- Among America's most important contributions to the world economy has been its development of the organizational form of the modern corporation
- An Anglo-American corporate form that differs markedly from those found in Japan, Germany, and other nations
- It is marked by distinct internal hierarchies and divisions, led by strong (and highly paid) chief executive officers (CEOs), with relatively little control by banks, other firms, workers, or government

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THE AMERICAN CORPORATION: PROSPECTS AND POLICIES:**Nature of the American Corporate Form**

- Owning is by stockholders, with a tendency in recent years to make CEOs and other top managers partners by giving them stock options as parts of their compensation.
- This movement supposedly reduces the principal-agent problem arising from the separation of ownership and control in large, mature joint stock corporations. First identified by Adolf Berle and Gardner Means in 1933.
- Corporations had previously existed in Britain, the Netherlands, and other countries. But they had always existed solely at the discretion of governments and usually at the discretion of monarchs.
- The emergence of the limited liability corporation is the fundamental institutional innovation.

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Nature of the American Corporate Form**The U-form Identified by Alfred Chandler:**

- The form involved the fact that appointment of non-executive managers in a decentralized line and staff hierarchy
- The basic of that hierarchy was the subdivision of a total of about 600 units, as length that would be operationally convenient, to a single manager
- Above that level, would be higher-level managers dealing with support activities, with responsibility and authority ultimately residing in the CEO, who would handle the most important and long-range strategic and executive decisions
- tied to economies of scale in manufacturing

44

Nature of the American Corporate Form

- During the 1920s, Alfred P. Sloan and Pierre S. Du Pont created the multidivisional M-form structure in the General Motors Corporation, with each division being essentially a distinct U-form subentity within the larger corporation
- Top management now compares profits across divisions, which effectively compete with each other within the framework of the corporation
- The New Institutional Economics ideas of Ronald Coase and Oliver Williamson have emphasized that the way firms decide which activities to carry out themselves and which to outsource to other firms depends upon minimizing transactions costs

45

Nature of the American Corporate Form

- The M-form corporate form led to the emergence of industrial conglomerates in the 1960s
- American-based M-form multinational corporations now dominate the world economy engendering much resentment and criticism of their vast power
- In 1998 their revenues exceeded \$2 trillion, with more than \$500 billion of that amount coming from foreign subsidiaries, with both of these

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Outline

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Nature of the American Corporate Form

- The U-form identified by Alfred Chandler:
 - The firm reached the first formal appearance of full-time salaried managers in a decentralized line and staff hierarchy.
 - The base of the hierarchy was the division of a railroad of about 500 miles in length, that would be operationally overseen by a single manager.
 - Above this level would be higher-level managers dealing with support activities, with responsibility and authority ultimately residing in the CEO, who would handle the most important and long-range strategic and investment decisions.
 - Led to economies of scale in manufacturing.

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PROSPECTS AND PROBLEMS OF THE AMERICAN ECONOMY:

The Problem of Poverty and Inequality

| Table A.1 U.S. Income Distribution over Time | | |
|---|----------------|---------------|
| Year | Below Poor/100 | Total Percent |
| 1960 | 52 | 49 |
| 1965 | 50 | 49 |
| 1970 | 53 | 51 |
| 1975 | 56 | 53 |
| 1980 | 59 | 55 |
| 1985 | 61 | 57 |
| 1990 | 63 | 59 |
| 1995 | 65 | 61 |
| 2000 | 67 | 63 |
| 2005 | 69 | 65 |
| 2007 | 70 | 66 |

The Problem of Poverty and Inequality

| Table A.2 U.S. Poverty Rate-Gross and Net Household Income Percent | | | | |
|---|----------|------|-------|-------|
| Year | All-Rate | Race | Black | Asian |
| 1980 | 12.2 | 11.8 | 14 | 8.8 |
| 1985 | 12.5 | 12.1 | 15.1 | 9.4 |
| 1990 | 11.4 | 10.7 | 13.8 | 7.6 |
| 1995 | 10.2 | 10.1 | 12.1 | 5.8 |
| 2000 | 10.8 | 10.6 | 12.7 | 6.4 |
| 2005 | 10.1 | 10.2 | 11.1 | 6.0 |
| 2007 | 10.1 | 10.1 | 11.0 | 6.0 |

Nature of the American Corporate Form

- The M-form corporate form led to the emergence of industrial conglomerates in the 1960s
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Nature of the American Corporate Form

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Nature of the American Corporat...

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PROSPECTS AND PROBLEMS OF THE AMERICAN ECONOMY:

The Problem of Poverty and Inequality

| Table 5-1 U.S. Income Distribution over Time | | | |
|---|------------------|---------------|------|
| Year | Bottom Fifth (%) | Top Fifth (%) | |
| 1970 | 5.4 | | 40.9 |
| 1975 | 5.6 | | 40.7 |
| 1980 | 5.3 | | 41.1 |
| 1985 | 4.8 | | 43.1 |
| 1990 | 4.6 | | 44.6 |
| 1995 | 4.4 | | 46.5 |
| 1999 | 4.3 | | 47.2 |

Source: *The 1999 and 2001 Statistical Abstract of the United States*, table 725, for 1980–1999, *Statistical Abstract of the United States 2001*, table 670. (Washington, D.C.: USGPO, 1997.)

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The Problem of Poverty and Inequality

| Table 5-2 U.S. Poverty Rate trend and by household income | | | | |
|--|----------|-------|-------|-------|
| Year | All Race | White | Black | Asian |
| 1960 | 22.1 | 17.8 | 34.4 | 14.4 |
| 1965 | 22.9 | 19.9 | 35.7 | 15.6 |
| 1970 | 21.4 | 17.7 | 36.6 | 14.6 |
| 1975 | 21.2 | 17.1 | 37.7 | 14.9 |
| 1980 | 22.8 | 19.8 | 36.7 | 26.2 |
| 1985 | 25.1 | 21.1 | 35.1 | 28.6 |
| 1990 | 23.8 | 19.2 | 28.5 | 26.3 |
| 1995 | 22.1 | 18.8 | 26.5 | 27.1 |
| 1999 | 21.5 | 18.3 | 27.8 | 22.8 |

Source: *Statistical Abstract of the United States 2001*, table 670. (Washington, D.C.: USGPO, 1997.)

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The Rise of the New Economy

| Table 5-3 Averaging for U.S. Productivity Increases over 1990 | | | |
|--|--------------|--------------|------------|
| Item | 1970 to 1980 | 1980 to 1990 | Change (%) |
| Labor productivity | 1.8 | 2.8 | 12.2 |
| Labor force growth | -0.8 | -0.4 | -0.4 |
| Capital force growth | 1.0 | 0.6 | -0.7 |
| Productivity | | | |
| Labor Capital services | 0.72 | 1.29 | 8.57 |
| Information capital services | 0.40 | 0.61 | 5.0 |
| Other capital services | 0.53 | 0.29 | -46.2 |
| Labor Income/GDP | 4.2 | 8.3 | 100 |
| Real Income/GDP | 1.07 | 1.44 | 33.0 |
| Real Output/GDP | 0.98 | 0.71 | -26.5 |
| Real Income/GDP including computer services | 0.98 | 0.98 | 0.0 |

The Mass Consumption Society and Its Sustainability

- * One ultimate result of all this past economic growth and success in the U.S. economy has been its ability to generate high levels of consumption.
- * Table 5-4 shows real per capita consumption levels and rates of certain goods, along with certain other quality-of-life measures for the group of nations with the highest real per capita consumption levels for 2000 (1999 for several individual consumer goods).

PROSPECTS AND PROBLEMS OF THE AMERICAN ECONOMY: The Problem of Poverty and Inequality

Table 5-1
U.S. Income Distribution over Time

| Year | Bottom Fifth (%) | Top Fifth (%) |
|------|------------------|---------------|
| 1970 | 5.4 | 40.9 |
| 1975 | 5.6 | 40.7 |
| 1980 | 5.3 | 41.1 |
| 1985 | 4.8 | 43.1 |
| 1990 | 4.6 | 44.6 |
| 1995 | 4.4 | 46.5 |
| 1999 | 4.3 | 47.2 |

Sources: For 1970 and 1975, *Statistical Abstract of the United States 1997*, table 725; for 1980–1999, *Statistical Abstract of the United States 2001*, table 670. (Washington, D.C.: USGPO, 1997.)

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PROSPECTS AND PROBLEMS OF THE AMERICAN ECONOMY:
The Problem of Poverty and Inequality

| Table 5-1 U.S. Income Distribution over Time | | |
|---|---------------|-------------|
| Year | All Races (%) | Top 40% (%) |
| 1950 | 54 | 45.9 |
| 1955 | 53 | 45.7 |
| 1960 | 52 | 45.1 |
| 1965 | 51 | 45.3 |
| 1970 | 50 | 45.8 |
| 1975 | 49 | 47.1 |
| 1980 | 47 | 47.1 |
| 1985 | 45 | 47.1 |
| 1990 | 43 | 47.1 |
| 1995 | 41 | 47.1 |

Sources: For 1950-1975, Statistical Abstract of the United States; 1987, table 723. For 1980-1995, Statistical Abstract of the United States 1997, table 676. (Washington, D.C.: USGPO, 1997.)

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The Problem of Poverty and Inequality

| Table 5-2 U.S. Poverty Rates Overall and by Race/Ethnicity (in Percent) | | | |
|--|-----------|-------|-------|
| Year | All Races | White | Black |
| 1960 | 22.2 | 17.8 | n.a. |
| 1970 | 12.6 | 9.9 | 33.5 |
| 1978 | 11.4 | 8.7 | 30.6 |
| 1983 | 15.2 | 12.1 | 35.7 |
| 1989 | 12.8 | 10.0 | 30.7 |
| 1993 | 15.1 | 12.2 | 33.1 |
| 1995 | 13.8 | 11.2 | 29.3 |
| 1997 | 13.3 | 11.0 | 26.5 |
| 1999 | 11.8 | 9.8 | 23.6 |

Source: Statistical Abstract of the United States 2001, table 679. (Washington, D.C.: USGPO, 1997.)

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The Rise of the New Economy

| Table 5-3 Accounting for U.S. Productivity Acceleration since 1980 | | | |
|---|--------------|--------------|----------|
| Item | 1970 to 1980 | 1980 to 1990 | Change % |
| Labor productivity | 1.3% | 2.4 | 121 |
| Land | -0.4% | -0.4% | -0.8 |
| Capital | 1.0% | 3.0 | 3.7 |
| Less Capital services | 0.7% | 1.3 | 1.7 |
| Information capital services | 0.4% | 1.0 | 2.5 |
| Other capital services | 0.3% | 0.8 | 0.8 |
| Less Energy DTF | 0.2% | 0.3 | 0.7 |
| Less Computer since DTF | 0.1% | 0.1 | 0.6 |
| Residual DTF | 0.1% | 0.0 | 0.0 |
| including computer since DTF | | | |

The Mass Consumption Society and Its Sustainability

- * One ultimate result of all this past economic growth and success in the U.S. economy has been its ability to generate high levels of consumption.
- * Table 5-6 shows real per capita consumption levels and rates of certain goods, along with certain other quality-of-life measures for the group of nations with the highest real per capita consumption levels for 2000 (1999 for several individual consumer goods).

The Problem of Poverty and Inequality

Table 5-2
U.S. Poverty Rates Overall and by Race/Ethnicity (in Percent)

| Year | All Races | White | Black | Hispanic |
|------|-----------|-------|-------|----------|
| 1960 | 22.2 | 17.8 | n.a. | n.a. |
| 1970 | 12.6 | 9.9 | 33.5 | n.a. |
| 1978 | 11.4 | 8.7 | 30.6 | 21.6 |
| 1983 | 15.2 | 12.1 | 35.7 | 28.0 |
| 1989 | 12.8 | 10.0 | 30.7 | 26.2 |
| 1993 | 15.1 | 12.2 | 33.1 | 30.6 |
| 1995 | 13.8 | 11.2 | 29.3 | 30.3 |
| 1997 | 13.3 | 11.0 | 26.5 | 27.1 |
| 1999 | 11.8 | 9.8 | 23.6 | 22.8 |

Source: Statistical Abstract of the United States 2001, table 679. (Washington, D.C.: USGPO, 1997.)

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| The Problem of Poverty and Inequality | | | | |
|---|----------------|------|-------|---------|
| Table 5-1 U.S. Poverty Rate (Percent) by Household Income Percentile | | | | |
| Year | All Households | Rich | Black | Poverty |
| 1980 | 11.2 | 5.8 | 14.4 | 16.1 |
| 1981 | 12.0 | 6.9 | 14.5 | 16.1 |
| 1982 | 11.4 | 6.7 | 14.8 | 15.4 |
| 1983 | 12.2 | 7.1 | 15.7 | 16.8 |
| 1984 | 12.4 | 6.6 | 16.1 | 16.2 |
| 1985 | 11.1 | 6.3 | 15.1 | 15.6 |
| 1986 | 11.8 | 6.1 | 16.3 | 17.1 |
| 1987 | 11.1 | 5.8 | 15.3 | 17.1 |
| 1988 | 11.8 | 6.8 | 15.8 | 17.8 |

Source: Statistical Abstract of the United States (2001), table 671. (Washington, DC: USGPO, 1997.)

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| The Rise of the New Economy | | | |
|---|--------------|--------------|------------|
| Table 5-2 Accounting for U.S. Productivity Acceleration since 1995 | | | |
| Item | 1973 to 1995 | 1995 to 2001 | Change (%) |
| Labor productivity growth rate | 1.39 | 2.6 | 1.21 |
| Less: Business cycle effect | 0.02 | -0.46 | -0.48 |
| Equals: Structural labor productivity | 1.37 | 3.07 | 1.7 |
| Less: Capital services | 0.72 | 1.29 | 0.57 |
| Information capital services | 0.41 | 1.01 | 0.6 |
| Other capital services | 0.31 | 0.28 | -0.03 |
| Labor quality | 0.27 | 0.31 | 0.04 |
| Equals: Structural TFP | 0.37 | 1.44 | 1.07 |
| Less: Computer sector TFP | 0.18 | 0.35 | 0.16 |
| Equals: Structural TFP excluding computer sector TFP | 0.19 | 1.09 | 0.9 |

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| The Mass Consumption Society and Its Sustainability | |
|---|--|
| <ul style="list-style-type: none">One ultimate result of all this past economic growth and success in the U.S. economy has been inability to generate high levels of consumption.Table 5-3 shows real per capita consumption levels and rates of certain goods, along with certain other quality-of-life measures for the group of nations with the highest real per capita consumption levels for 2000 (1999 for several individual consumer goods).Although generally an impressive achievement, a number of questions arise about both the significance and the sustainability of the United States' high level of per capita consumption. | |

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| The Mass Consumption Society and Its Sustainability | |
|---|--|
| <ul style="list-style-type: none">Substantial evidence suggests that Americans are working longer hours to achieve this level, are saving less to do so, and are enjoying their high consumption less.Part of the problem appears to be a never-ending pursuit of more and more expensive luxury goods, with people feeling unhappy if they are unable to "keep up with the Joneses." (comparison with neighbors). Robert Frank labels this phenomenon "luxury fever." | |

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| The Mass Consumption Society and Its Sustainability | |
|---|--|
| <ul style="list-style-type: none">The sustainability of this level of per capita consumption, or at least its continued rise, is questionable.Both the personal debt/income ratio and the rate of personal bankruptcies have been steadily rising since 1980, with both having gone up about 50 percent by 2000. | |

The Rise of the New Economy

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| The Problem of Poverty and Inequality | | | | |
|--|----------|-------|-------|-------|
| Table 5-2 U.S. Poverty Rate (Percent of Population in Poverty) | | | | |
| Year | All Race | White | Black | Asian |
| 1980 | 11.3 | 9.3 | 14.4 | 9.4 |
| 1981 | 12.0 | 9.9 | 15.3 | 10.4 |
| 1982 | 11.4 | 8.7 | 14.8 | 7.6 |
| 1983 | 11.2 | 8.5 | 14.7 | 7.4 |
| 1984 | 12.4 | 10.0 | 16.7 | 10.2 |
| 1985 | 11.1 | 9.3 | 15.1 | 9.6 |
| 1986 | 11.8 | 10.1 | 16.3 | 10.3 |
| 1987 | 11.7 | 10.0 | 16.5 | 10.1 |
| 1988 | 11.8 | 10.2 | 16.8 | 10.3 |

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| The Rise of the New Economy | | | |
|--|--------------|--------------|------------|
| According to U.S. Productivity Acceleration (1995) | | | |
| Item | 1970 to 1985 | 1985 to 2000 | (Change %) |
| Labor-producing goods | 1.3% | 2.1% | +57% |
| Non-labor producing goods | 0.0% | -0.8% | -100% |
| Trade services | 1.7% | 3.7% | +117% |
| Non-trade services | 0.0% | 0.0% | 0.0% |
| Total Capital services | 0.1% | 1.9% | +677% |
| Intangible capital services | 0.0% | 0.0% | 0.0% |
| Other capital services | 0.1% | 0.9% | +800% |
| Labor profits | 0.2% | 0.3% | +50% |
| GDP, Nominal GDP | 0.7% | 1.4% | +99% |
| GDP, Nominal GDP PPP | 0.9% | 0.9% | 0.0% |
| GDP, Real GDP PPP | 0.9% | 0.9% | 0.0% |
| excluding corporate sector GDP | 0.9% | 0.9% | 0.0% |

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| The Mass Consumption Society and Its Sustainability | |
|---|--|
| One ultimate result of all this past economic growth and success in the U.S. economy has been its ability to generate high levels of consumption. | |

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| The Mass Consumption Society and Its Sustainability | |
|---|--|
| Substantial evidence suggests that Americans are working longer hours to achieve this level, are saving less to do so, and are enjoying their high consumption less. | |
| Part of the problem appears to be a never-ending pursuit of more and more expensive luxury goods, with people feeling unhappy if they are unable to "keep up with the Joneses." (comparison with neighbor). Robert Frank labels this phenomenon "luxury fever." | |

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| The Mass Consumption Society and Its Sustainability | |
|--|--|
| The sustainability of this level of per capita consumption, or at least of its continued rise, is questionable. | |
| Both the personal debt/income ratio and the rate of personal bankruptcies have been steadily rising since 1980, with both having gone up about 50 percent by 2000. | |

The Mass Consumption Society and Its Sustainability

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- Although generally an impressive achievement, a number of questions arise about both the significance and the sustainability of the United States's high level of per capita consumption

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The Mass Consumption Society and Its Sustainability

- The sustainability of this level of per capita consumption, or at least of its continued rise, is questionable.
- Both the personal debt/income ratio and the rate of personal bankruptcies have been steadily rising since 1980, with both having gone up about 50 percent by 2000.
- Yet consumer spending sustained the U.S. economy during 2001–2002 and arguably has been a major force in the global economy as well.

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The Mass Consumption Society and Its Sustainability

- One macroeconomic result of low saving and high consumption has been chronic annual trade and current account deficits numbering hundreds of billions of dollars that have persisted since the 1980s.
- Thus the United States has been borrowing heavily from abroad in order to sustain these high levels of consumption and the imports associated with them.
- The world's largest net creditor as late as the early 1980s, the United States became its largest net debtor by the mid-1990s.
- 1990s: deficit of 3 trillion
- 2015: deficit 21 trillion.

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The Mass Consumption Society and Its Sustainability

| Country | Index of Living Standards for High Consumption Countries | | | | | |
|----------------|--|---------|-------|----------------|--------|-----------|
| | America | Germany | Japan | United Kingdom | Sweden | Australia |
| United States | 100.00 | 91 | 98.2 | 91 | 101 | 97.5 |
| Germany | 100.00 | 100 | 98.4 | 98.1 | 101 | 97.5 |
| Japan | 100.00 | 98.9 | 100 | 98.7 | 98.2 | 98.4 |
| United Kingdom | 100.00 | 97.5 | 97.1 | 100 | 98.2 | 98.8 |
| Sweden | 100.00 | 97.1 | 97.5 | 98.2 | 100 | 98.2 |
| Australia | 100.00 | 96.7 | 97.5 | 97.8 | 97.5 | 100 |

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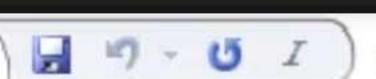
The Mass Consumption Society and Its Sustainability

| Group | Index of Living Standards for High Consumption Countries | | | | | |
|----------------|--|---|---|---|--------------------------------|---------------------------------------|
| | Real Consumption per capita (in 1995) | Average Car per capita (in 1995) | Average House per capita (in 1995) | Average Savings per capita (in 1995) | Debt to GDP (in 1995) | Net Debt to GDP (in 1995) |
| United States | 28.42% | \$7,957 | \$82,157 | \$57,157 | 32.7 | 12.7 |
| Canada | 17.87% | \$6,869 | \$64,024 | \$46,967 | 32.4 | 12.4 |
| Germany | 17.55% | \$6,859 | \$63,571 | \$46,767 | 32.3 | 12.4 |
| United Kingdom | 16.79% | \$6,551 | \$59,862 | \$43,862 | 32.0 | 12.0 |
| Australia | 13.82% | \$5,921 | \$58,028 | \$41,228 | 31.7 | 11.7 |

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The Mass Consumption Society and Its Sustainability

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The Mass Consumption Society and Its Sustainability

- One ultimate result of all this past economic growth and success in the U.S. economy has been the ability to generate high levels of consumption.
- Table 5-1 shows real per capita consumption levels and rates of certain goods, along with certain other quality-of-life measures for the group of nations with the highest real per capita consumption levels for 2000 (1999 for several individual consumer goods).
- Although generally an impressive achievement, a number of questions arise about both the significance and the sustainability of the United States' high level of per capita consumption.

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The Mass Consumption Society and Its Sustainability

- Substantial evidence suggests that Americans are working longer hours to achieve this level, are saving less to do so, and are enjoying their high consumption less.
- Part of the problem appears to be a never-ending pursuit of more and more expensive luxury goods, with people feeling unhappy if they are unable to "keep up with the Joneses." (comparison with neighbors). Robert Frank labels this phenomenon "keeping up with the Joneses."

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The Mass Consumption Society and Its Sustainability

- The sustainability of this level of per capita consumption, or at least of its continued rise, is questionable.
- Both the personal debt/income ratio and the rate of personal bankruptcies have been steadily rising since 1980, with both having gone up about 50 percent by 2000.
- Yet consumer spending sustained the U.S. economy during 2001–2002 and arguably has been a major force in the global economy as well.

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The Mass Consumption Society and Its Sustainability

- One macroeconomic result of low saving and high consumption has been chronic annual trade and current account deficits numbering hundreds of billions of dollars that have persisted since the 1980s.
- That the United States has been borrowing heavily from abroad in order to sustain these high levels of consumption and the imports associated with them.
- The world's largest net creditor as late as the early 1980s, the United States became its largest net debtor by the mid-1990s.
- 1990s: deficit of 3 trillion
- 2015: deficit 21 trillion.

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The Mass Consumption Society and Its Sustainability

| Country | Standard of Living Variables for High Consumption Countries | | | | | |
|----------------|---|---|------------------------------|---|--|---|
| | Real Consumption (per Capita in 1995) | Average Car per 1,000 Households | Average Household Size | Average Savings (per Capita in 1995) | Average Debt (per Capita in 1995) | Average GDP (per Capita in 1995) |
| United States | 36,679 | 967 | 3.02 | 851 | 27 | 35,221 |
| Canada | 17,471 | 986 | 2.9 | 589 | 31 | 34,000 |
| Germany | 11,611 | 469 | 3.4 | 467 | 14 | 33,900 |
| United Kingdom | 16,729 | 577 | 3.02 | 362 | 23 | 33,244 |
| Australia | 23,672 | 672 | 2.98 | 238 | 23 | 32,900 |

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The Mass Consumption Society and Its Sustainability

- One macroeconomic result of low saving and high consumption has been chronic annual trade and current account deficits numbering hundreds of billions of dollars that have persisted since the 1980s
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- Thus the United States has been borrowing heavily from abroad in order to sustain these high levels of consumption and the imports associated with them.
- The world's largest net creditor as late as the early 1980s, the United States became its largest net debtor by the mid-1990s.
- 1990s: deficit of \$3 trillion
- 2010s: deficit \$1.1 trillion

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The Mass Consumption Society and Its Sustainability

| Country | Private Consumption (per Capita in PPP \$) | Passenger Cars (per 1,000 Persons) | Internet Subscribers (per 100 Persons) | Television Sets (per 1,000 Persons) | Doctors (per 1,000 Persons) | Infant Mortality (per 1,000 Live Births) |
|----------------|--|--|--|---|-----------------------------------|--|
| | | | | | | |
| United States | 24,429 | 767 | 18.2 | 817 | 2.7 | 7.2 |
| Luxembourg | 17,877 | 586 | 4.9 | 385 | 3.1 | 4.7 |
| Switzerland | 17,513 | 485 | 12.6 | 467 | 3.4 | 4.6 |
| Iceland | 16,720 | 547 | 17.7 | 362 | 3.3 | 2.4 |
| Australia | 15,829 | 510 | 12.7 | 548 | 2.5 | 5.7 |
| United Kingdom | 15,382 | 385 | 12.4 | 517 | 4.3 | 2.6 |
| Canada | 15,254 | 490 | 20.2 | 717 | 2.1 | 5.3 |
| Austria | 14,910 | 496 | 6.0 | 331 | 3.0 | 4.4 |
| Germany | 14,620 | 516 | 11.0 | 415 | 3.5 | 4.5 |
| Japan | 14,225 | 404 | 8.4 | 686 | 1.9 | 3.4 |

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The Mass Consumption Society and Its Sustainability

| Country | 2000 Net Foreign Debt in Billions of US Dollars | 2001 Net Foreign Debt in Billions of US Dollars | 2002 Net Foreign Debt in Billions of US Dollars | 2003 Net Foreign Debt in Billions of US Dollars | 2004 Net Foreign Debt in Billions of US Dollars | 2005 Net Foreign Debt in Billions of US Dollars |
|-------------|--|--|--|--|--|--|
| | | | | | | |
| Argentina | 421 | 429 | 44 | 79 | 94 | 92 |
| Brazil | 100 | 242 | 86 | 27 | 84 | 45 |
| China | 49 | 11 | 12 | 61 | 61 | 28 |
| India | 664 | 161 | 28 | 63 | 41 | 81 |
| South Korea | 54 | 230 | 37 | 66 | 42 | 59 |
| Turkey | 84 | 111 | 13 | 38 | 38 | 57 |
| Total | 1021 | 1234 | 1289 | 1671 | 1711 | 1771 |

The Mass Consumption Society and Its Sustainability

Table 5-4

Indicators of Living Standards for High-Consumption Countries

| Country | Private Consumption (per Capita in PPP \$) | Passenger Cars (per 1,000 Persons) | Internet Subscribers (per 100 Persons) | Television Sets (per 1,000 Persons) | Doctors (per 1,000 Persons) | Infant Mortality (per 1,000 Live Births) |
|----------------|--|--|--|---|-----------------------------------|--|
| United States | 24,429 | 767 | 18.2 | 817 | 2.7 | 7.2 |
| Luxembourg | 17,877 | 586 | 4.9 | 385 | 3.1 | 4.7 |
| Switzerland | 17,513 | 485 | 12.6 | 467 | 3.4 | 4.6 |
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| Australia | 15,829 | 510 | 12.7 | 548 | 2.5 | 5.7 |
| United Kingdom | 15,382 | 385 | 12.4 | 517 | 4.3 | 2.6 |
| Canada | 15,254 | 490 | 20.2 | 717 | 2.1 | 5.3 |
| Austria | 14,910 | 496 | 6.0 | 331 | 3.0 | 4.4 |
| Germany | 14,620 | 516 | 11.0 | 415 | 3.5 | 4.5 |
| Japan | 14,225 | 404 | 8.4 | 686 | 1.9 | 3.4 |

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- 1990s: deficit of 3 trillion
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The Mass Consumption Society and Its Sustainability

| Country | 1990 Net Foreign Debt (in Billions of U.S. Dollars) | | 1999 Net Foreign Debt (in Billions of U.S. Dollars) | | 1990 GNP (in Billions of U.S. Dollars) | 1999 GNP (in Billions of U.S. Dollars) | Ratio of Net Foreign Debt to GNP 1990 (%) | Ratio of Net Foreign Debt to GNP 1999 (%) |
|---------------|--|---|--|---|---|---|---|---|
| | Present Consumption (\$/Capita in 1990) | Present Income (\$/Capita in 1990) | Present Consumption (\$/Capita in 1999) | Present Income (\$/Capita in 1999) | | | | |
| United States | 26.47 | 87 | 87 | 85 | 171 | 276 | 59.8 | 53.6 |
| Argentina | 17.21 | 86 | 151 | 85 | 104 | 244.7 | 30.4 | 33.5 |
| Brazil | 13.21 | 82 | 121 | 85 | 111 | 119.9 | 63.0 | 120.8 |
| Indonesia | 10.73 | 80 | 101 | 85 | 125 | 104.4 | 44.2 | 38.9 |
| Mexico | 10.24 | 88 | 93 | 85 | 236 | 129.8 | 42.9 | 15.0 |
| South Korea | 8.64 | 82 | 82 | 85 | 247 | 849 | 14.2 | 15.0 |
| Turkey | 8.64 | 82 | 82 | 85 | 128 | 186 | 38.6 | 54.7 |
| United States | 14.21 | 84 | 114 | 85 | 2,187.4 | 6,318.9 | 7.2 | 22.2 |

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The Mass Consumption Society and Its Sustainability

| Country | 1990 Net Foreign Debt (in Billions of U.S. Dollars) | | 1999 Net Foreign Debt (in Billions of U.S. Dollars) | | Ratio of Net Foreign Debt to GNP 1990 (%) | Ratio of Net Foreign Debt to GNP 1999 (%) |
|---------------|--|---|--|---|---|---|
| | Present Consumption (\$/Capita in 1990) | Present Income (\$/Capita in 1990) | Present Consumption (\$/Capita in 1999) | Present Income (\$/Capita in 1999) | | |
| Argentina | 42.1 | 125 | 44 | 79 | 94 | 51 |
| Brazil | 10.2 | 140 | 86 | 118 | 84 | 37 |
| Indonesia | 4.9 | 25 | 11 | 40 | 22 | 22 |
| Mexico | 6.6 | 16.9 | 28 | 43 | 41 | 41 |
| South Korea | 3.4 | 18.3 | 37 | 46 | 42 | 39 |
| Turkey | 8.4 | 18.1 | 18 | 38 | 42 | 52 |
| United States | 8.4 | 18.1 | 23 | 38 | 32 | 22 |

The Mass Consumption Society and Its Sustainability

Table 5-5
Net Foreign Debt of High-Debt Countries

| Country | 1990 Net Foreign Debt (in Billions of U.S. Dollars) | 1999 Net Foreign Debt (in Billions of U.S. Dollars) | 1990 GNP (in Billions of U.S. Dollars) | 1999 GNP (in Billions of U.S. Dollars) | Ratio of Net Foreign Debt to GNP 1990 (%) | Ratio of Net Foreign Debt to GNP 1999 (%) |
|---------------|--|--|---|---|---|---|
| Argentina | 62.2 | 147.9 | 104 | 276 | 59.8 | 53.6 |
| Brazil | 119.9 | 244.7 | 394 | 730 | 30.4 | 33.5 |
| Indonesia | 69.9 | 150.1 | 111 | 125 | 63.0 | 120.8 |
| Mexico | 104.4 | 167.0 | 236 | 429 | 44.2 | 38.9 |
| South Korea | 35.0 | 129.8 | 247 | 849 | 14.2 | 15.0 |
| Turkey | 49.4 | 101.8 | 128 | 186 | 38.6 | 54.7 |
| United States | 452.3 | 2,187.4 | 6,318.9 | 9,873 | 7.2 | 22.2 |

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