

# VISUAL 1

## HOW CAN AN ECONOMY GROW AT WARP SPEED? *AN ECONOMIC MYSTERY*

From the end of the American Revolution to the beginning of the Civil War, the population of the United States grew from approximately 4 million to 32 million people.

It is not much of a surprise that with more people able to work at making more things, the economy would grow. And it did.

However, the puzzling thing is that the economy grew faster than the population did. The standard of living of the average American in 1860 was double what it had been at the end of the Revolution. Per capita income rose from about \$70 in the 1770s to \$135 in 1860 as measured in 1840 prices).

How can an economy grow faster than the population does?