

# **CHAPTER 29**

# **ECONOMIC GROWTH**

A decorative graphic consisting of a grid of circles. The top row has three yellow circles. The second row has two yellow circles. The third row has three yellow circles. The fourth row has three yellow circles. The fifth row has one blue circle.

**Macroeconomics - year11**

# Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



# RECAP

1. **Economic Growth:** An increase in national income, output, or GDP, reflecting the growth in the productive potential of an economy over time.
2. **Gross Domestic Product (GDP):** The total value of output produced in a country within a year.
3. **Nominal GDP:** Also known as Money GDP or GDP at the current price. It is not adjusted for inflation.
4. **Real GDP:** GDP at a constant price or adjusted for inflation.
5. **Real GDP per Head:** Real GDP divided by the population.
6. **Economic Growth:** The percentage change in GDP from the previous year.
7. **Recession:** A period of negative economic growth or a decline in GDP for two or more consecutive quarters.

# RECAP

8. **Causes of Economic Growth:** An increase in aggregate demand and a rise in aggregate supply.
9. **Positive Effects of Economic Growth:** Improved living standards, job creation, increased investments, and higher government revenues.
10. **Negative Effects of Economic Growth:** Resource depletion, income inequality, extended working hours, and rising inflation.

# Part1-Multiple choice

## 1. What is economic growth?

- A) A sustained increase in a country's real GDP
- B) A decrease in inflation rates
- C) An increase in the balance of trade surplus
- D) A reduction in income inequality

# Part1-Multiple choice

**1. What is economic growth?**

- A) A sustained increase in a country's real GDP
- B) A decrease in inflation rates
- C) An increase in the balance of trade surplus
- D) A reduction in income inequality

**Answer: A) A sustained increase in a country's real GDP**

# Part1-Multiple choice

**2. Which of the following is a primary cause of economic growth?**

- A) A decrease in consumer spending
- B) An increase in the labor force and productivity
- C) A reduction in foreign investment
- D) A fall in business profits

# Part1-Multiple choice

**2. Which of the following is a primary cause of economic growth?**

- A) A decrease in consumer spending
- B) An increase in the labor force and productivity
- C) A reduction in foreign investment
- D) A fall in business profits

**Answer: B) An increase in the labor force and productivity**

# Part1-Multiple choice

3. A country's Real GDP has increased from \$1 trillion to \$1.1 trillion in a year. What is its economic growth rate?

- A) 5%
- B) 10%
- C) 1%
- D) 0.1%

# Part1-Multiple choice

**3. A country's Real GDP has increased from \$1 trillion to \$1.1 trillion in a year.**

**What is its economic growth rate?**

A) 5%

B) 10%

C) 1%

D) 0.1%

**Answer: B) 10%**

# Part1-Multiple choice

**4. Which of the following policies would most likely promote economic growth in the long run?**

- A) Reducing investment in education
- B) Increasing investment in research and development
- C) Decreasing worker productivity
- D) Increasing import tariffs

# Part1-Multiple choice

**4. Which of the following policies would most likely promote economic growth in the long run?**

- A) Reducing investment in education
- B) Increasing investment in research and development
- C) Decreasing worker productivity
- D) Increasing import tariffs

**Answer: B) Increasing investment in research and development**

# Part2-Essay

- 1 (a) Define the term 'recession'. [2]
- 2 (b) Explain two advantages of a higher economic growth rate.[4]
- 3 (b) Explain two disadvantages of a higher economic growth rate.[4]
- 4 (c) Analyse how increased government expenditure can contribute to economic growth. [6]
- 5 (d) Discuss the potential impact of reducing corporation tax on economic growth. [8]

# Part2-Essay

1 (a) Define the term 'recession'. [2]

# Part2-Essay

2 (b) Explain two advantages of a higher economic growth rate.[4]

## Macro aims

- 1 High growth
- 2 low unemployment
- 3 low inflation
- 4 Balance of payment stability
5. Reduce poverty and income equality
6. Reducing pollution and resource waste

## Parties in economy

- 1 consumer/workers // producer,MNC
- 2 gov //tax payer
- 3 exporter // importer
- 4 saver // borrower (for inflation topic)

# Part2-Essay

3 (b) Explain two disadvantages of a higher economic growth rate.[4]

## Macro aims

- 1 High growth
- 2 low unemployment
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- 4 Balance of payment stability
5. Reduce poverty and income equality
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## Parties in economy

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# Part2-Essay

**4 (c) Analyse how increased government expenditure can contribute to economic growth. [6]**

# The End

