3.1 Economic Growth

Key Words

Economic growth	Is the growth in GDP ie the value of output over time
Gross Domestic Product (GDP)	The total value added of goods and services produced in the country in a year
GDP per capita	GDP divided by the population
Boom	A period of high economic activity and high levels of employment
Recession	A period when the country's GDP falls into negative for two or more successive quarters

What is economic growth?

Economic growth means an increase in the volume of goods and services produced in an economy ie an increase in the productive capacity of an economy. It is measured by **Gross Domestic Product.**

GDP measures the output of the economy

The **rate of economic growth** is measured by the annual % change in real GDP

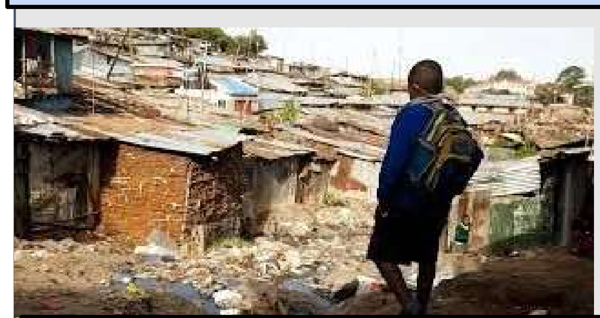
GDP per capita measures the national income / divided by the population

Determinants of economic growth?

By improving the quality or quantity of the factors of production we will be able to more output. More output leads to an increase in GDP and therefore economic growth. Therefore, government policies aimed at improving the quantity or quality of factors of production eg reducing income tax to encourage people to work, will also help to achieve economic growth..

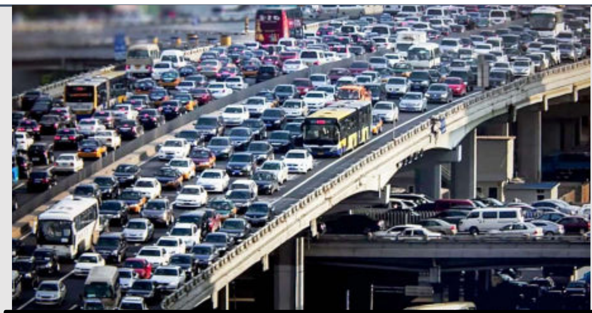
- Investment
- Changes in technology
- Size of workforce
- Education and Training
- Availability of Natural Resources
- Government Policies

Benefits and costs of economic growth



Reduction in poverty

Increased employment

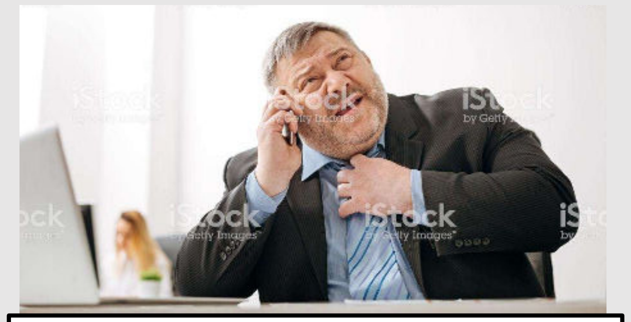


Environmental Damage

Inequality

Higher standard of living

Improved welfare (lower crime, improved education, etc) from higher government spending



Stress, poor health

Depletion of natural resources

Exam Questions

Quizizz

Video (Challenging!)
(ignore diagrams at end)

Specification

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