

9.2 Economic growth and sustainability

Name: _____ Class: _____ Date: _____ **Total: 24 marks**

KEY WORDS output gap 产出缺口 • sustainable growth 可持续增长 • economic growth 经济增长
• potential growth 潜在增长 • sustainability 可持续性

Objective

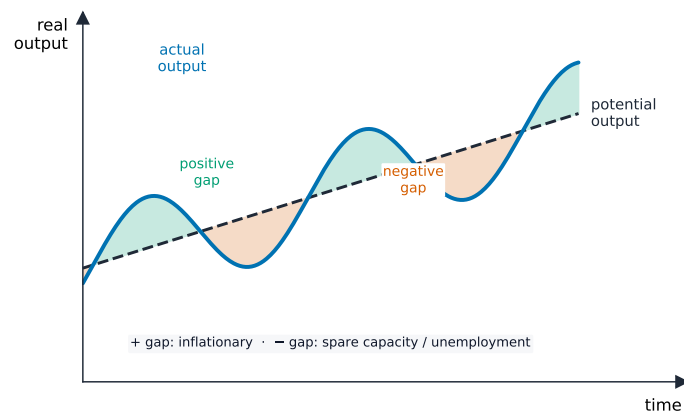
Build the skills to answer exam questions on **economic growth and sustainability** 经济增长与可持续性 — **actual versus potential** 实际与潜在 growth, the **output gap** 产出缺口, and **sustainable growth** 可持续增长.

You must be able to:

- distinguish actual from potential growth and define the output gap
- explain a positive and a negative output gap
- analyse the tension between growth and sustainability

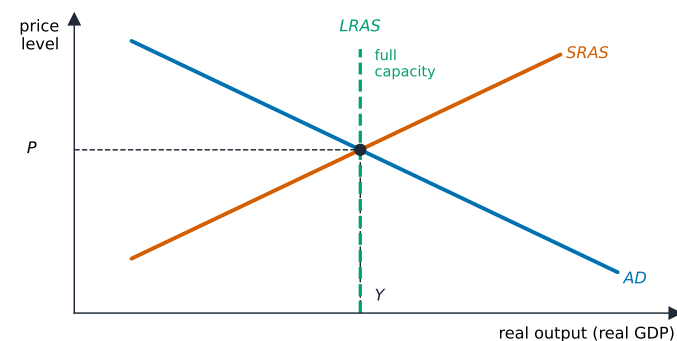
1 Worked examples

■ The output gap and sustainability



A positive gap is inflationary; a negative gap means spare capacity

- **Actual growth** 实际增长: real output that happens. **Potential growth** 潜在增长: a rise in capacity.
- **Output gap** 产出缺口: actual – potential. **Positive gap** (above potential) → inflation; **negative gap** → unemployment.
- **Sustainable growth** 可持续增长: meets today's needs without harming future generations.



short-run equilibrium: $AD = SRAS$ · long-run capacity: vertical $LRAS$

Sustainable growth comes from shifting $LRAS$ right (capacity), not just boosting AD

Answer shapes: AO1 + AO2 + AO3 (analysis) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *output gap*. [2]

2.2 State what a **positive** output gap tends to cause. [1]

2.3 Define the term *sustainable growth*. [2]

3 Exam-style questions

3.1 A **negative** output gap is associated with: [1]

- A

B

C

D
- A rising inflation and full capacity

B spare capacity and unemployment

C an outward shift of the PPC

D a current account surplus

3.2 Explain the difference between actual and potential economic growth. [6]

3.3 Discuss whether economic growth can be sustainable. [12]
