

5.6 Economic Growth

Name: _____ Class: _____ Date: _____

Total: 9 marks

Objective

Build the skills to answer exam questions on **economic growth**.

You must be able to:

- define **economic growth** 经济增长 as an increase in real GDP or real GDP per capita over time
- relate growth to the quantity and quality of resources and to **productivity** 生产率
- represent growth as an outward shift of the PPC or the LRAS curve

1 Worked examples

Study these first. Each one shows the method for a question type used later.

■ Economic growth

A sustained increase in **real GDP** (or real GDP per capita) over time.

■ Sources

More or better **resources** (labour, capital), and higher **productivity** through technology and skills.

■ On the diagrams

Growth is shown as an **outward** shift of the PPC, or a **rightward** shift of the LRAS curve.

2 Practice

2.1 Define economic growth.

[1]

2.2 State two sources of economic growth.

[2]

2.3 State how growth is shown on a PPC. [1]

3 Exam-style questions

3.1 Economic growth is an increase in [1]

- **A** the price level
 - **B** real GDP
 - **C** unemployment
 - **D** the money supply
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3.2 On a PPC, economic growth is shown as [1]

- **A** an inward shift
 - **B** an outward shift
 - **C** a movement along the curve
 - **D** no change
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3.3 A country improves its education system and builds more factories.

(a) State the effect on productivity. [1]

(b) State the effect on the LRAS curve. [1]

(c) Name the process. [1]

4 Go further

- work through the **5.6 Economic Growth** lesson on the **Learn** page;
- read the **Long-Run Consequences of Stabilization Policies** section of the AP Macroeconomics handout on the **Know** page.

Solutions

2.1 a sustained increase in real GDP (or real GDP per capita) over time.

2.2 any two of: more/better resources, more capital, higher productivity/technology.

2.3 an outward shift of the curve.

3.1 B.

3.2 B.

3.3 (a) it rises. (b) it shifts to the right. (c) economic growth.