# 5.7 Public Policy and Economic Growth

Name: ______________ Class: __________ Date: ____________ **Total: 9 marks**

**KEY WORDS** property rights 产权 • human capital 人力资本 • physical 实物资本 • economic growth 经济增长 • productivity 生产率

## Objective

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

**You must be able to:**

- describe policies that promote growth, such as investment in **physical** 实物资本 and **human capital** 人力资本
- explain how **research and development** and technology raise productivity
- discuss the role of institutions, **property rights** 产权, and incentives

## 1 Worked examples

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

### ■ Investing in capital

- **Physical capital** — infrastructure, machines, factories.
- **Human capital** — education, training, health.

### ■ Technology

Spending on **research and development** raises **productivity**, letting the economy produce more from the same resources.

### ■ Institutions

Secure **property rights**, the rule of law, and good incentives encourage investment and innovation — essential for long-run growth.

## 2 Practice

**2.1** State two policies that promote economic growth. [2]

**2.2** State how research and development raises growth. [1]

**2.3** State one institutional factor important for long-run growth. [1]

## 3 Exam-style questions

**3.1** Investment in human capital means spending on [1]

**A** machines and factories
**B** education and training
**C** government bonds
**D** imports

**3.2** Which of these promotes long-run growth? [1]

**A** weak property rights
**B** research and development
**C** high inflation
**D** trade barriers

**3.3** A government wants to raise the economy's long-run growth rate.

(a) Name one policy involving **physical** capital. [1]

(b) Name one policy involving **human** capital. [1]

(c) State why secure property rights matter for growth. [1]