

## 4.5 Economic growth

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

**Total: 19 marks**

**KEY WORDS** gdp • economic growth • living standards  
 • real • business cycle

### Objective

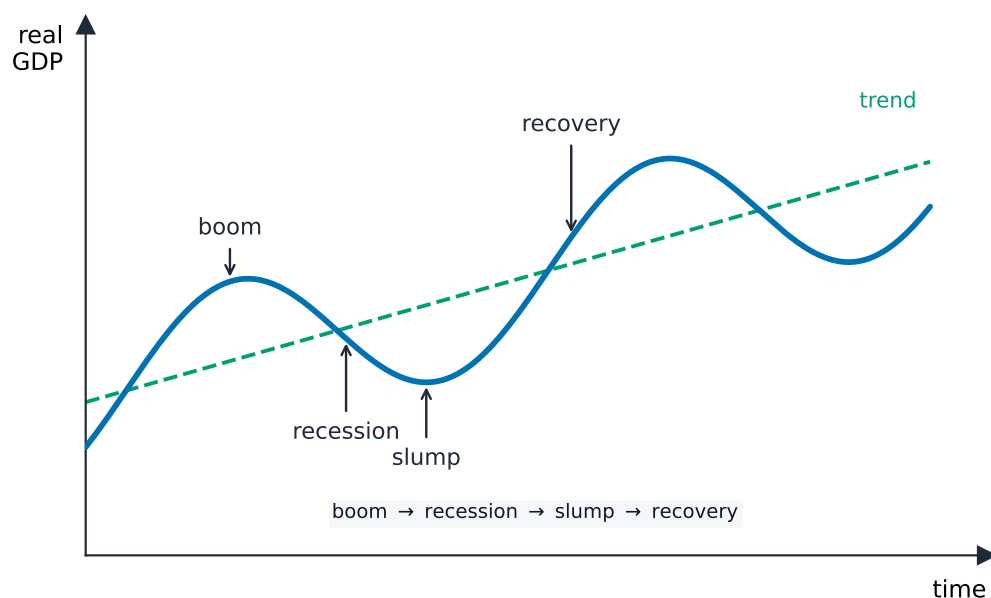
Build the skills to answer exam questions on **economic growth** – **real GDP**  
 GDP, the **business cycle**, and the causes and effects of growth.

**You must be able to:**

- define economic growth and real GDP
- describe the stages of the business cycle
- analyse the causes and the good and bad effects of growth

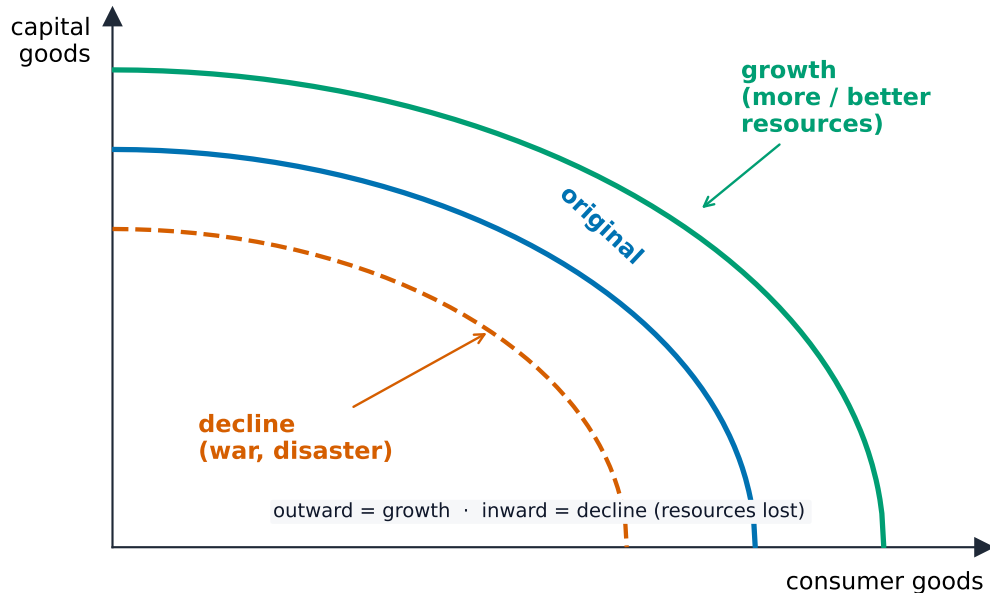
### 1 Key knowledge and worked examples

#### ■ Growth and the business cycle



*Economic growth is a rise in real GDP*

- **GDP** : total value of all goods/services produced in a year. **Real** : after removing the effect of rising prices.
- **Cycle:** boom → recession → slump → recovery .
- **Causes:** investment, a bigger/more skilled workforce, new technology.
- **Good:** higher incomes, more jobs, better **living standards** . **Bad:** inflation, a wider rich-poor gap, pollution.



*Growth in capacity is the PPC shifting outward – more of both goods becomes possible*

**Answer shapes:** K + App + An + Ev (a justified judgement, for discuss questions).

## 2 Practice

**2.1** Define the term *economic growth*.

[2]

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**2.2** Define the term *gross domestic product (GDP)*.

[2]

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**2.3** State the four stages of the business cycle.

[2]

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### 3 Exam-style questions

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**3.1** Economic growth is best measured by a rise in: [1]

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- A** nominal GDP
- B** real GDP
- C** the price level
- D** the population

**3.2** Explain two causes of economic growth. [4]

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**3.3** Discuss whether economic growth is always good for a country. [8]

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