

4.5 Economic growth

Name: _____ Class: _____ Date: _____

Total: 19 marks

KEY WORDS gdp

• real • business cycle

• economic growth

• living standards

Objective

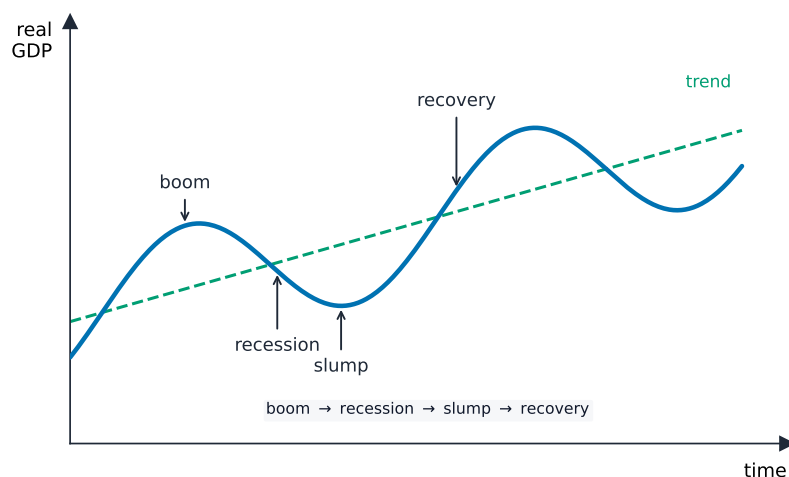
Build the skills to answer exam questions on **economic growth** – real GDP
GDP, the **business cycle**, and the causes and effects of growth.

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

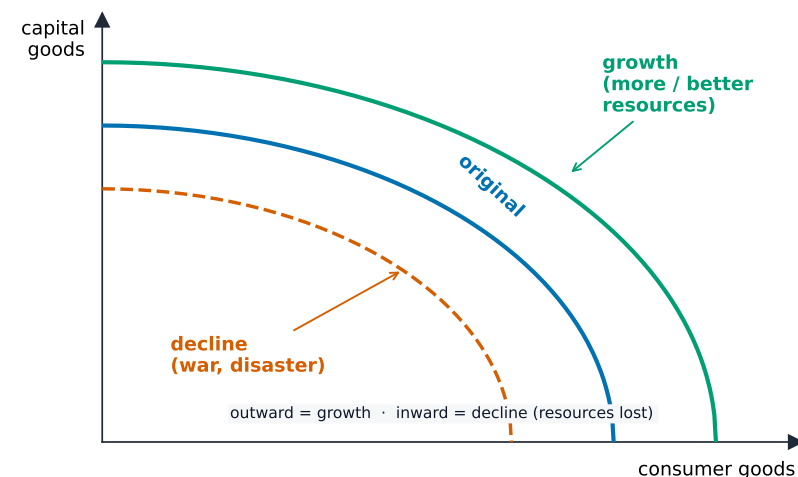
1 Key knowledge and worked examples

■ 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]

2.2 Define the term *gross domestic product (GDP)*. [2]

2.3 State the four stages of the business cycle. [2]

3 Exam-style questions

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

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

3.2 Explain two causes of economic growth. [4]

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