

4.5 Economic growth

Name: _____ Class: _____ Date: _____

Total: 19 marks

KEY WORDS gdp 国内生产总值 • economic growth 经济增长 • living standards 生活水平
• real 实际 • business cycle 经济周期

Objective

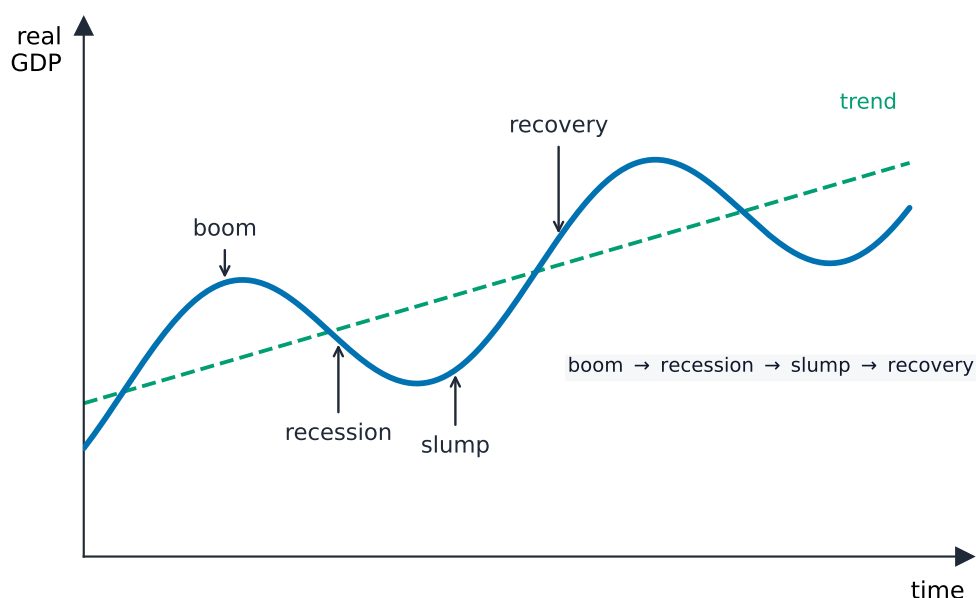
Build the skills to answer exam questions on **economic growth** 经济增长 — **real GDP** 实际 GDP, the **business cycle** 经济周期, and the causes and effects of growth.

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 Worked examples

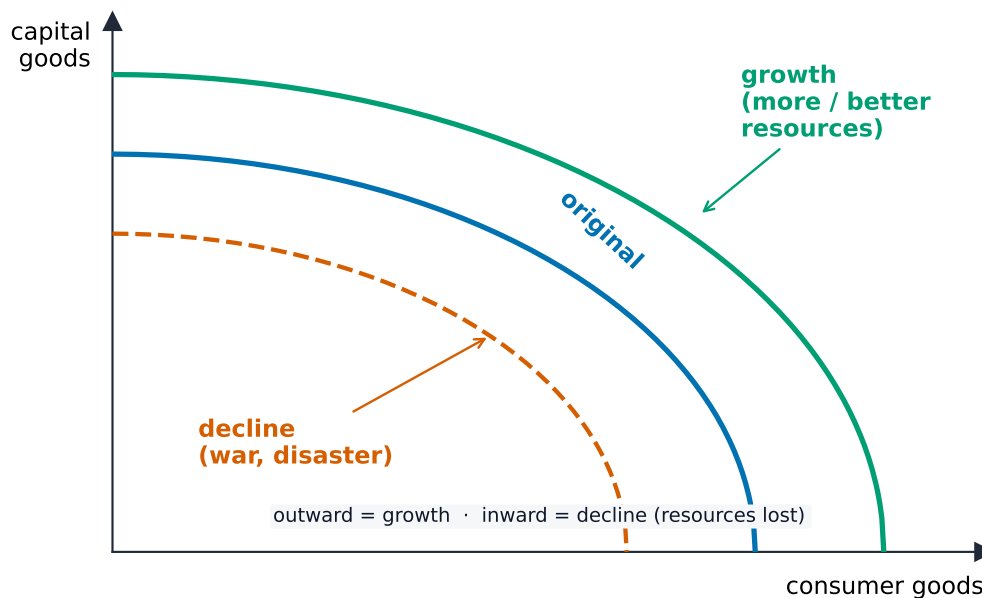
■ Growth and the business cycle



Economic growth is a rise in real GDP

- **GDP** 国内生产总值: total value of all goods/services produced in a year. **Real** 实际: after removing the effect of rising prices.
- **Cycle:** boom 繁荣 → recession 衰退 → slump 萧条 → recovery 复苏.

- **Causes:** investment, a bigger/more skilled workforce, new technology.
- **Good:** higher incomes, more jobs, better **living standards** 生活水平. **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	B
C	D

- 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]