



3055 BA SANGAM COLLEGE

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WORKSHEET 17 LESSON NOTES

School: Ba Sangam College

Year: 11

Name: _____

Subject: Economics

Strand 5	Development Economics
Sub Strand 5.1	Economics Growth
Content Learning Outcome EC11.5.1.1	Analyse Fiji's government policies towards economic growth.

ECONOMIC GROWTH ⇒ It is simply the increasing ability of a nation to satisfy the material wants of its people over a period of time. It refers to increase in productive capacity of a nation.

Sources of Economic Growth: A nation can expand its productive capacity through:

1. Increase in the Quantity of Its Resources The quantity of land can be increased through the discovery, development and use of new natural resources. Likewise, the bringing of once unproductive land into use, such as, draining of swamps, clearing of scrubs for grazing purposes and the development of irrigation.

2. Improvements in the Quality of Its Resources

The quality of large, well trained workforce means increased opportunities for specialization and a greater potential output for goods and services. A well-educated, high skilled workforce is conducive to high levels of productivity and real output.

3. Technological Progress

- An economy must undertake capital accumulation in order to increase its productive capacity. Thus, requiring net investment which can result in greater potential output of goods and services and an even greater rate of economic growth.
- Therefore, the application of new technology generally involves the use of new, improved capital productivity and contributing to higher rates of economic growth.

Indicators of Economic Growth:

1. Real GDP Per Capita

Allowance for population changes can improve the usefulness of Real GDP as a good indicator of the rate of economic growth. As such, it will become more reliable measures of Economic growth. Furthermore, it will allow comparison of growth rates between different countries.

2. Real GDP Per Capita

Measures the value of real goods and services available on average to each member of the population. Alternatively known as real income per capita.

$$\text{Real GDP per Capita} = \frac{\text{Total Real GDP}}{\text{Total Population}}$$

3. Real Per Capita Consumption Expenditure

Measure the standard of living in terms of the quantity of consumer goods and services purchased per household. Thus, rising consumption per capita indicates increasing levels of want satisfaction among the consumers.

4. Real Productivity Growth

Indicates the rate of increase in the volume of goods and services per person in the labour force, thus, rising in productivity levels indicates that society is potentially capable of satisfying more of its material

wants over time.

5. Real GDP Per Capita Adjusted For The Terms Of Trade

This improves the accuracy of Real GDP per capita as an indicator of improvement in the standard of living by measuring the goods and services which are available to consumers through international trade.

6. Measure Of Economic Welfare And Physical Quality Of Life Index

Measure of Economic Welfare focuses on the consumption of goods and services, inclusive of the estimated value of household activities, leisure with associated cost of pollution and environmental damage.

Physical Quality of Life Index measures a nation's standard of living in terms of its ability to meet the basic needs of its people.

Activity

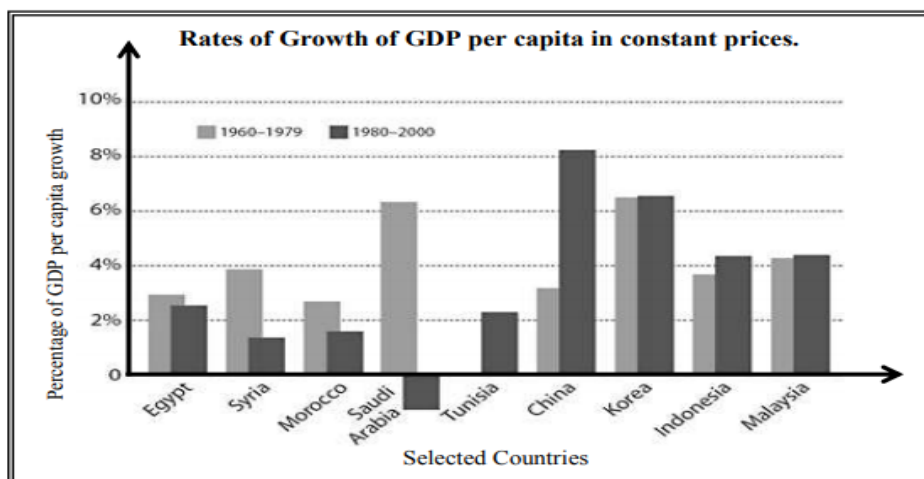
1. Define Economic Growth

(1 mark)

2. List two ways of achieving Economic Growth

(2 marks)

3. Study the graph given below and with your own knowledge answer questions (i) - (iii).



(i) Which country has the highest economic growth over the period:

I. 1960 to 1979 _____

II. 1980 to 2000 _____

(2 marks)

(ii) State one possible reason of high economic growth for the country identified in (i) above.

(1 mark)

(iii) Suppose Malaysia's GDP per capita is \$ 10,538 (USD) and population of 29 million people. Calculate the country's aggregate Gross Domestic Product(GDP)

(2 marks)