29.1 Meaning of Economic Growth and Development

1. Economic growth refers to an increase in the *(real / nominal)* value of goods and services produced in an economy.
2. Economic growth can be represented by a *(rightward / leftward)* shift of the long run aggregate supply curve or an *(inward / outward)* shift of the production possibility frontier.
3. When a country achieves a higher level of national income but the problem of income inequality worsens, the country is said to achieve *(economic growth / economic development)*.

29.2 Measurements of Economic Growth and Development

4. The table below shows information about an economy.

Year	Year-on-year change in real GDP	Year-on-year change in population
1	3%	5%
2	4%	2%

During the above period, the per capita real GDP of the economy *(increased / decreased / remained unchanged)*. The economy experienced *(economic growth / economic development)* in the above years.

5. In measuring economic development, the *(real GDP / per capita real GDP / Human Development Index)* is a better indicator.
6. The Human Development Index (HDI) measures the level of economic and social development of an economy based on the following three dimensions:
(a) Health: measured by _____
(b) Education: measured by _____
(c) Standard of living: measured by _____
7. Country X's HDI decreases despite an increase in per capita real GDP. We can conclude that the life expectancy at birth *(increased / decreased)* and/or the mean years of schooling *(increased / decreased)*.
8. State **ONE** possible reason to explain the following:
(a) The HDI of an economy increases after opening up to trade.

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(b) The per capita real GDP of an economy increases while its HDI decreases after opening up to trade.

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(c) The HDI of an economy increases while its citizens generally agree that the living standard has declined after opening up to trade.

_____

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29.3 Factors Affecting the Growth of an Economy

9. An economy experiences economic growth when there is an increase in the _____ and/or _____ of productive resources.

10. There are four main types of inputs that affect economic growth:

- Physical capital: the stock of _____
- _____: the accumulation of knowledge and skills
- _____: inputs provided by nature
- Technological change: the discovery and application of _____ and _____

11. Which of the following policies can enhance economic growth? Put a tick (✓) in the appropriate box(es).

☐ providing a tax allowance or education subsidy for further education
☐ increasing the number of subsidised university places
☐ reducing the tax rebates for foreign direct investment
☐ increasing the immigration quota for experts and professionals
☐ raising the interest tax rate
☐ cancelling tariffs on all imports

29.4 The Benefits and Costs of Economic Growth

12. Which of the following is/are benefit(s) brought by economic growth? Put a tick (✓) in the appropriate box(es).

☐ reduction in poverty
☐ improvement in living standard
☐ reduction in income inequality
☐ acceleration of capital accumulation and technological advancement

13. Suggest **TWO** possible costs of economic growth.

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14. According to the World Commission on Environment and Development of the United Nations, sustainable development is '_____
_____'.

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