

## **Chapter 9 Economic Growth**

How is economic growth measured?

Why must we use per capita GDP when measuring growth?

Why must we use real GDP, instead of nominal GDP when measuring growth?

Show economic growth on a production possibilities graph.

What does GDP say about distribution of income? Can an economy grow without an improvement in the standard of living of its poor and middle class?

What would be a case in which the standard of living improved without an increase in real per capita GDP?

Why do some commentators argue that economic growth can be bad?

List three benefits of growth:

- 1.
- 2.
- 3.

List three costs associated with growth:

- 1.
- 2
- 3.

Why is a small different in growth rates make a big difference over the long run?

How is labor productivity measured?

Why is the rate of savings so important in promoting economic growth?

What does the new growth theory argue is a separate factor of production?

What are some of the positive externalities of research and development?

According to your text how does the “openness of an economy” affect growth?

What is innovation?

According to Romer, what role does knowledge and ideas play in economic growth?

What is human capital? What does investing in human capital mean?

According to Kremer, what impact does population growth, including immigration, have on an economy?

What role do property rights play in growth according to your text?

In light of the chapter, which components of growth do you think that US should focus its economic policies on? Be sure to explain.

