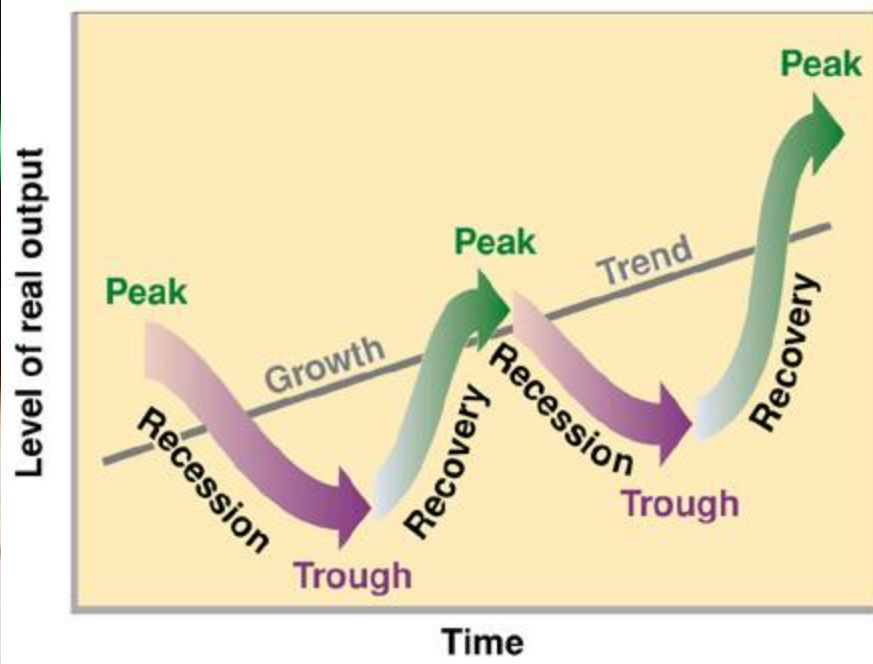




Economic Growth on a Nationwide Scale

Business Cycle

- Natural ups and downs of an economy
- Problems: Value of a countries currency, trades externalities, population etc.



Indicators of Growth

- The Almighty GDP!!!
- GDP – The total sum of all goods and services produced in a certain time period
 - Calculating GDP
 - $GDP = (\text{consumer} + \text{Investor} + \text{Government Spending}) + (\text{value of exports}) - \text{value of imports}$

Purpose of GDP

- Can be used to measure economic growth
 - GDP 3% higher = 3% Economic Growth
- Gives Governments clear understanding of where they stand worldwide
- Can be converted and used to compare size of economy now vs. previous years
 - Converting due to inflation to Compare spending now vs 100 years ago

How a GDP Looks

- UK GDP
 - PurchasingPowerParity - \$2.288 trillion (2011 est.)
 - PPP Pre Capita - \$36,500 (2011 est.)
 - Per Capita = PPP/Population
- [CIA World Factbook](#)

Factors to Consider

- Governments need to always keep economy moving in order to ensure economic growth
 - What types of things can a government do in order to ensure economic growth???

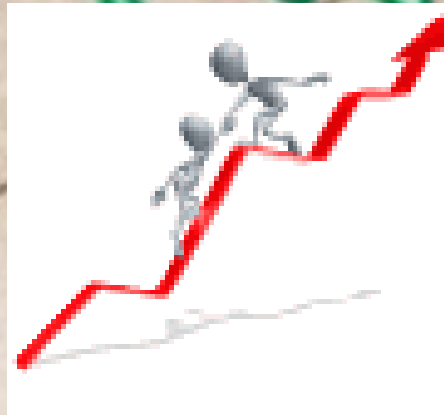
Need to have people working

- Keep high employment
 - One aim of federal economic policy is to provide jobs for everyone who is able to work.
 - Important for people to be making money
 - Why will there always be unemployment?



Need Economic and Technological Growth

- Keep country growing
 - For each generation of Americans to do better than previous ones, the economy must grow to provide additional goods and services.
 - Without it we would still be riding horses



Need Stability

- Keeping the economy stable and safe
 - Keep prices from going too high
 - Stability gives consumers, producers, and investors confidence in the economy and in our financial institutions, promoting economic freedom and growth.
 - Safe from failures
 - (govt. keeps an eye on banks.)



But...

- The Economy depends on the people because they are the one who spend most of the money



How does an economy grow

- **Work Ethic**
 - The people actually do something
- **Using Technology**
 - Helps make things bigger, better, and efficiently
- **Eliminate waste**
 - Using old things in new ways
- **Education**
 - People have the skills to create new things

How does Govt. increase/secure technology

- Giving Patents and Copyrights
 - If people make something they know they will be the only ones that can make money by selling it
- Gives money to schools for research
- Builds own research group
 - Ex: NASA

How does the government keep Stability

- Regulation
 - Governments pass laws and provide oversight to ensure the strength of the economy
 - Ex. Sherman Anti-Trust Act
 - T. Roosevelt
 - Ex. Agriculture reforms
 - F.D. Roosevelt