

- 1 Economic growth can be defined as
 - A an increase in a country's exports earnings.
 - B an increase in a country's potential earnings.
 - C an increase in the productive capacity of an economy.
 - D a reduction in the cost of living.

- 2 Whether a country has experienced economic growth is best indicated by an increase in
 - A consumer price inflation.
 - B current account on the balance of payments.
 - C employment.
 - D real GDP per capita.

- 3 As a country experiences economic growth, what is likely to fall?
 - A average years of schooling
 - B employment opportunities
 - C infant mortality rates
 - D national income per capita

- 4 Which is most likely to be a concern about rapid economic growth in a country?
 - A higher costs of production
 - B higher tax revenues
 - C increased demand for imports
 - D resource depletion

- 5 Which is **not** a policy used to promote economic growth?
 - A increase spending on education
 - B lower government spending
 - C lower income tax rates
 - D lower interest rates

6 Define the term *recession*.

[2 marks]

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7 Explain how a country's net exports are calculated.

[2 marks]

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8 Explain **two** causes of economic growth.

[4 marks]

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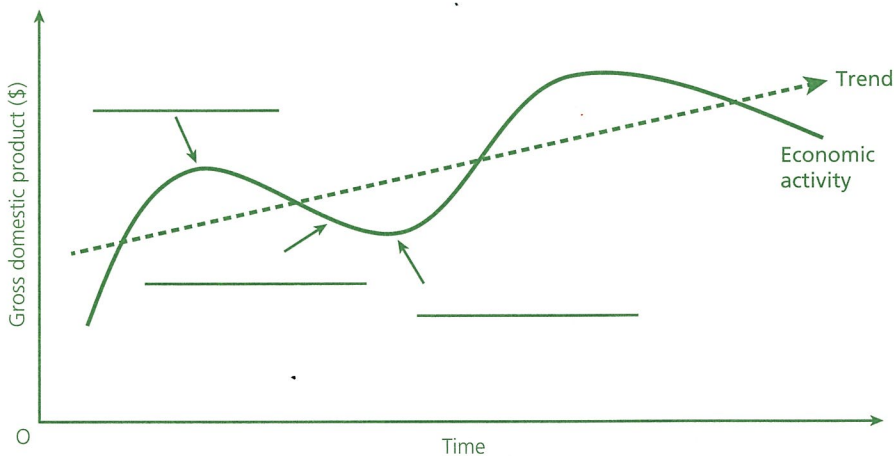
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9 The diagram below shows a typical business cycle. Identify appropriate labels to complete the diagram.

[3 marks]



29 ECONOMIC GROWTH

10 Diaby, an entrepreneur, opened an internet café in a village in Ghana equipped with ten computers and wi-fi for customer use. The café is very popular with students, farmers and people in the village who run or would like to run their own businesses. Farmers use it to research information about new farming techniques and where to get the best market price for their produce. Other villagers use it to find out about installing solar power and how to access funds available for financing new and existing businesses. Diaby organises computing classes and displays useful information about energy saving and new planting techniques on the café notice board.

a Using a PPC curve, explain the impact of the internet café on the output of the village. [4 marks]

b Explain **two** reasons why output in the village has increased as a result of the internet. [4 marks]
