

How do economies grow?

Definition: Economic growth involves increasing the total output produced by resources in the economy.

1. This can be shown through a production possibilities curve. Draw a production possibilities curve below showing ‘economic growth’:

Illustrate that there are 5 ways that economies can grow over time.

1. On the table below explain how an economy can achieve economic growth over time, with and without the support of government:

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| --- | --- | --- | --- |
| Explain each of the changes below: | Example 1: | Example 2: | Example 3: |
| The discovery of more natural resources: |  |  |  |
| Investment in new capital and infrastructure: |  |  |  |
| Technical progress: |  |  |  |
| Increasing the quantity and quality of human resources: |  |  |  |
| Reallocating resources: |  |  |  |