E101 - 1.3 - GDP & Growth

Economic Growth - ↑ in an economy's real GDP per capita, or an ↑ in the economy's capacity to produce.
Nominal GDP - Value of GDP in terms of prices prevailing at the time of measurement.
Real GDP - Value of GDP measured in terms of prices prevailing in a given base year.

$$\boxed{Growth\ of\ nominal\ GDP = \frac{(GDP\ in\ current\ year - GDP\ in\ previous\ year)}{GDP\ in\ previous\ year}}$$

$$\%\Delta = \frac{|\Delta|}{initial}$$

Δ ; $Change$
$|\,|$; $Abs\ Value$

$$\boxed{Real\ GDP\ per\ capita = \frac{real\ GDP}{population}}$$

$$\boxed{(Economic)\ Growth\ Rate = \frac{(real\ GDP\ per\ capital\ in\ current\ year - real\ GDP\ in\ previous\ year)}{GDP\ in\ previous\ year}}$$

Benefits of Economic growth :
-Better health services
-Improved quality and length of education
-Better transport, support for the arts and culture
-Better protection of the Environment, human rights
-Increased democratic involvement

Labour Productivity - Measure of the output produced per unit of labour input in a specific period.
Human Capital - Accumulated skills and knowledge of human beings.

$$\boxed{Labour\ Productivity = \frac{Output\ per\ Period}{Units\ of\ Labour}}$$

Economic growth does not necessarily mean that citizens are better off because
-Higher GDP may be the result of including the value of some services that were previously excluded.
-The quality or desirability of goods produced is ignored.
-Increased leisure, since it means less growth, is regarded as a bad rather than good thing.
-GDP figures do not include how fairly a country's income is distributed.
-The social and environmental costs of higher GDP are ignored.