What is Economic Growth?

Worksheet

Economic growth is the increase in a country's GDP—the total value of all goods and services produced annually. It is measured as a percentage and indicates whether the economy is expanding (positive growth) or contracting (negative growth).

Questions

1. If GDP grows 2% a year, by how much does it double?

A) 10 years
B) 35 years
C) 50 years
D) 100 years

2. Which DOES increase economic growth?

A) Economic recession
B) Technological innovation
C) Population decrease
D) Currency crisis

3. Real GDP vs. nominal GDP: real accounts for…

A) only goods
B) only services
C) inflation
D) unemployment

4. Sustainable growth requires…

A) unlimited natural resources
B) no environmental limits
C) balance of productivity + resources
D) high inflation

5. Country A's GDP was 1000B last year and 1050B this year. What is the growth rate?

6. Country B grew at 3% last year with GDP 500B. What was GDP the year before?

7. A recession occurs: GDP drops from 800B to 760B. Growth rate?

8. Define: What is economic growth?

9. Define: How is economic growth measured?

10. Define: What is negative growth?

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Answer Key

1. B) 35 years — Rule of 70: doubling time ≈ 70/growth% = 70/2 = 35 years.
2. B) Technological innovation — Better technology increases productivity and output per worker.
3. C) inflation — Real GDP removes inflation to show actual output; nominal includes price changes.
4. C) balance of productivity + resources — Sustainable growth continues without depleting resources or causing irreversible damage.
5. Growth = (GDP_new − GDP_old) / GDP_old × 100% Growth = (1050 − 1000) / 1000 × 100% Growth = 50 / 1000 × 100% = 5%
6. 3% = (500 − GDP_old) / GDP_old × 100% 0.03 × GDP_old = 500 − GDP_old 1.03 × GDP_old = 500 GDP_old = 485.44B
7. Growth = (760 − 800) / 800 × 100% Growth = −40 / 800 × 100% = −5%
8. An increase in a country's total GDP over time, expressed as an annual percentage.
9. By the percentage change in real GDP from one year to the next.
10. A recession—GDP decreases, indicating economic contraction.

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