

What is economic growth and development



paper: What Is Economic Growth and Developmentpaper, paper A countrys economic health can usually be measured by looking at that countrys economic growth and development. This lesson defines and explains economic growth and economic development, including the role of U. S. foreign aid. Economic GrowthA countrys general economic health can be measured by looking at that countrys economic growth and development. Lets take a separate look at what indicators comprise economic growth versus economic development. Lets first examine economic growth.

A countrys economic growth is usually indicated by an increase in that countrys gross domestic product, or GDP. Generally speaking, gross domestic product is an economic model that reflects the value of a countrys output. In other words, a countrys GDP is the total monetary value of the goods and services produced by that country over a specific period of time.

Example of Economic GrowthFor example, lets say that a special berry grows naturally only in the country of Utopia. Natives to Utopia have used this berry for many years, but recently a wealthy German traveler discovered the berry and brought samples back to Germany. His German friends also loved the berry, so the traveler funded a large berry exporting business in Utopia. The new berry exporting business hired hundreds of Utopians to farm, harvest, wash, box and ship the berries to grocers in Germany. In one calendar year, the berry exporting business added over one million dollars to Utopias GDP because thats the total value of the goods and services produced by the new berry exporting business. Since Utopias GDP increased, this means that Utopia experienced economic growth. In the United States,

our periods of large economic growth are mostly associated with new technology.

The Industrial Revolution and the development of the Internet are two examples. When new developments bring an increase in output capacity, economic growth usually follows. Economic Development Now lets take a look at economic development. A countrys economic development is usually indicated by an increase in citizens quality of life.

Quality of life is often measured using the Human Development Index, which is an economic model that considers intrinsic personal factors not considered in economic growth, such as literacy rates, life expectancy and poverty rates. While economic growth often leads to economic development, its important to note that a countrys GDP doesnt include intrinsic development factors, such as leisure time, environmental quality or freedom from oppression. Using the Human Development Index, factors like literacy rates and life expectancy generally imply a higher per capita income and therefore indicate economic development. ;,?