Discussion- ch1

Business

Discussion The government is able to measure the economy through measuring Gross Domestic Product (GDP). Measuring the economy helps the government get to know the qualitative gains made, how much income was earned, how much savings were made, the costs incurred, capital employed, and the rate by which the economy is growing, and return on capital. Measuring the economy also helps the government to know the underperforming sectors and performing sectors of the economy and this helps when drafting the budget estimates. The government can stimulate economic growth by investing in important infrastructure, increasing access to finance to entrepreneurs, reducing regulations of doing business, encouraging local and foreign investment and increasing the country’s exports and decreasing what the country imports. This can be done by lowering interest rates to ensure business people have ready access to finance. Enacting less stringent laws on doing business and holding investment forums will also stimulate economic growth.

Response 1

I agree that that the measuring the economy is important for any government to establish the rate of economic growth. However, on the second point about protecting the business people and the society, I think the point needs further clarification. I agree that creating more employment opportunities and increasing exports will stimulate the economy. This is an excellent piece; however, the author needs to elaborate further the ambiguous point.

Response 2

I do not agree that measuring the economy will help the government avoid economic instabilities. Rather, measuring the economy will help a government know if any, economic instability exists and take necessary measures to solve the economic instabilities. I agree that reducing interest rates will stimulate the economy.

Work Cited

Hulten, Charles R., and Marshall Reinsdorf. " Measuring Wealth and Financial Intermediation and Their Links to the Real Economy." (2014).