

Economics essays example

[Literature](#), [Russian Literature](#)



Chapter 7: Economic Growth

1). Many countries such as China, Japan, South Korea, and Taiwan have experienced higher annual rate of per capita real GDP as compared to the United States. This means that the United States is regressing relative to other countries, and these countries will ultimately overtake the United States in terms of the rate of growth of the per capita real GDP. Further, as a general rule, it is considered that the low income countries have higher growth rate (Gwartney). So, the growth rate in these countries will increase further and it will finally overtake the per capita real GDP of the United States.

2). In the developing countries the income of people is low, and the rate of inflation is also moderate to high. But, still in these countries, the productivity is higher. This is because; in the developing countries that rate of unemployment is high so people become willing to work even at the lower income. The companies take benefit of this situation and they hire more workers at lower income, so more workers help in increasing the productivity. Furthermore, the high-income countries focus on constantly inventing the new technologies, while the low-income countries focus on finding the methods of applying the technology, which is already available and invented and is understood very well.

3). The data given by St. Louis Federal reserve website indicates that the labor productivity of the United States is more as compared to the labor productivity of the United Kingdom for the period 1995-2004, which can be analyzed from the following graph. This increase is due to strong domestic retail sector.

<http://research.stlouisfed.org/publications/iet/20051101/cover.pdf>

4).

United Kingdom 2009 2010 2011 2012

Real GDP Per Capita, Annual Growth Rate in Percent -5.8 0.9 0.4 -0.7

Real GDP per Hour Worked, Annual Growth Rate in Percent -3.1 1.4 2.3 -2.

8

United States 2009 2010 2011 2012

Real GDP Per Capita, Annual Growth Rate in Percent 3.7 1.7 1.1 2

Real GDP per Hour Worked, Annual Growth Rate in Percent 2.9 2.5 0.3 1

5). There is limit of the additional benefits that education can provide. This can be analyzed from the fact that the productivity keeps of the worker keeps on increasing with the increase in the education. An example of this fact is that developing countries such as Korea is investing more on the education. Korea had, however, achieved approximately the universal secondary school education, which is equivalent to the high school education in the United States (.

References

OpenStack College. Principles of Macroeconomics. Texas: Rice University, 2014. Print.

Gwartney, James D. Macroeconomics: Private and Public Choice. Canada: Nelson Education, 2008. Print