

# Economic growth

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



Viele Accounting. Pg 224-225, Question p6 a) Truck 28200 Notes Payable  
28200

b) Truck 28200

Capital lease liability (4. 6229 \* 6100) 28200

Depreciation Expense 4700

Accumulated Depreciation 4700

c) Interest Expense 2256

Capital Lease Liability 3844

Cash 6100

d) The expenses for the first year are Interest Expense and Depreciation =  
 $2256 + 4700 = \$6956$

Somers and Seville. Exploration 8. Chapter 6 pg 118.

a) 67. 38 is the population in our base year 1980. We are considering the  
growth rate from this year which is around 102% or 1. 206. This shows the

rate of increase in population each year from 1980.

b)  $67.38 \cdot (1.206)^{10} = 438.53$  Million.

McConnell and Brue pg 151. Chapter 8. Study Question 1 and 2.

1) Economic growth is a measure of increase in the productive potential of a country. It is important because it reduces or lessens the problem of scarcity. Since, it helps the economy to produce more, more goods are produced and everyone has more goods for consumption and as a result living standard in the economy increases. This is why economists rate economic growth as a matter of great importance.

We can use the 70 rule to determine the effect of difference between 2.5 and 3 percent of economic growth over few decades.

If economy is growing at 2.5%, the economic growth or total output will double from the current level in  $70/2.5 = 28$  years. However, if the economy is growing at 3%, the total output will double in 23 years. This means that even a mere difference of some points or minute figure could mean that economy is growing very slowly in the long-run.

2) Real GDP growth Rate =  $(31200-30000)/30000 * 100 = 4\%$

GDP per Capita in year 1 =  $30000/100 = 300$

GDP Per Capital in year 2 =  $31200/102 = 305.9$

<https://assignbuster.com/economic-growth/>

$$\text{GDP per capita growth} = (305.9 - 300) / 300 = 1.96\%$$