

# Is faster economic growth a good thing?

Economics



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Is faster economic growth always a good thing? Argue the case for and against faster growth and then come to your conclusion. Economics growth has been studied in differences camps. economics, environmentalist and sociologist have been debating years about the causes and effects of this one, it is a fact that economic growth is link with life quality and the first one can affect the second one in positive and negative ways, this essay will expose a number of advantages and disadvantages of a rapid economic growth.

The concept of “ economic growth” 50 years ago was quite different from the concept nowadays, before, the concept focus on the industrialization and the economy of the country, until the seventies decade when the professor Dudley Seers introduces the concept with strong consequences inequality, unemployment rate, etc. Economic growth, it is describe in different economic dictionaries as “ an increase in the capacity of an economy to produce goods and services, compared from one period of time to another”.

And it is an important part in the development of the economy to permit the right utilization of the goods and the improvement of living standards; however, there are some cases that “ economic growth” it is not a steeply process making a rapid economic growth which brought some positives and negatives consequences for the society.

One advantage of the “ growth”, it is definitely the fact that governments can reduce or eliminate themoneyborrowing, due to the tax revenue is higher and also there is less money spend on benefits for unemployed people, then there is an greater inversion in public services andeducation,

which are important aspects in the measure of the development of a country.

An increasing of outputs because of the growth, will generate that companies start to employ more and more workers to supply the necessities of the customer, reducing the level of unemployment and at the same time making higher incomes, giving the opportunity to get more and better quality goods for consumers. It is part of this phenomenon that consumer demand is going to increase leading to an increase as well in the investment. This one can be implanted in different ways, one important is “technology” and innovations making easier and cheaper the production. Economic growth is working as well improving the business confidence making this one more interesting for international investment, this one has also a strong relationship with the unemployment mentioned before. Due to the investment will rise the level of employment and incomes.

These group of advantages are a clear proof of how important it is a rapid economic growth for the society, improving the life quality and making business profitable which increase the employment rate and income levels, we can find an example of this if we study the economy of some Asian country where a rapid economic growth produced that the percentage of people living with \$1 a day decrease 12% from 1990 to 2004, however, there are some risks that we have to consider when the economy grows too quickly.

When the process of economic growth is too quickly or “unsustainable” the results are not always good, one disadvantage of this kind of growth is the

inflation that is the situation when the average of demand is higher than the average of supply leading an increase in the price of services and goods which is dangerous for the economy because it can be a reduction in the real value of the money then an inflationary growth could stimulate a recession in the economy.

Also if the economic growth is caused by an increase in the customer spending, causing a rise in the level of imports this one can be higher than the level of exports producing a deficit follow by balance of payments problems. Another problem of economic growth is that this one can increase inequality income and wealth, because sometimes all the benefit of the growth does not have a right distribution, economics measure that by the "Gini co-efficient" and this have a big impact in the society such as corruption and regional, also the gap between rich and poor people can become bigger.

A different negative factor of economic growth is the big impact of this one on the environment, According to Booth (1991, p. 552), the "long-run economic growth relies on the creation of new industries and new forms of economic activity, these new forms of economic activity create new kinds of environmental problems" and this problems are becoming worse every day, this is because the level of production and consumption of non renewable resources has increases the same than the level of air pollution, waste, etc.

Basically these are in general some of the advantages and disadvantages of a rapid economic growth and we can see that this one play an important role in the increase of the life quality however is not coming risk free, the inequality of income a while can make an effect in the society the same

that the environment effects, the important point is that we have to take actions of this a possible way to do it is the sustainable development that is defined In 1987 by the Bruntland Commission n Environment and Development as:" development that meets the needs of the present without compromising the ability of future generations to meet their own needs".