

Notes — Week 12

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Period 3

1. What is the effect of increasing GDP?
 - Improved standard of living
 - Enlarges government tax base
 - Helps solve domestic problems
 - In the words of JFK, “A rising tide lifts all boats”
 - *e.g.* poverty, crime, money for education
 - U.S. growth helps the whole world
2. Economic growth may be exhibited in two ways:
 - Rightward shift in the PPF curve
 - Rightward shift in the LRAS curve
3. Four Pillars of Economic Growth (make productivity increase):
 - Physical capital (capital)
 - Investment in capital stock
 - Investment in infrastructure
 - Must save in order to invest
 - Human Capital (labor)
 - Natural Resource gifts and utilization (land)
 - Technological Change
 - Sound governance (bonus pillar)