

# **Economic Growth and Economic Well-Being Artwork and Presentation Assignment**

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## **Economic Growth and Economic Well-Being**

### **1: Terminology**

The terms economic growth and economic development are often confused and misused in our day-to-day lives. In the context of macroeconomics, economic growth is the quantitative measurement of a country's well-being and refers to an increase in the production of economic goods and services over a certain period of time such as a financial quarter or year final compared to the previous interval of the same length. The growth of an economy is generally measured by the nominal Gross Domestic Product (GDP) or the real GDP which has been adjusted for inflation. On the other hand, economic development is a qualitative measurement that involves improvements in fiscal, economic and social conditions within a country such as health care, education, working conditions and basic human rights. It is therefore inconclusive to evaluate a country's well-being based solely on one of the two factors listed above, which is the major reason why many economists argue that the GDP value is not a sufficient measurement of a nation's living standards.

### **2.1: Buildings**

The picture that we have drawn depicts a Utopian future where sustainable economic growth and real economic development have been achieved. As can be seen on the left part of the image, there is a schooling complex as well as a hospital building. Through the provision of merit goods such as free education and healthcare services, the life expectancy, as well as the average and expected number of years of received education, will increase. Furthermore, education has been known to be a catalyst for breaking the poverty cycle and contributing to a higher human

development index. Providing nationwide free healthcare services will also decrease the number of deaths due to treatable illnesses and lead to a healthier more productive workforce. Located behind the hospital building is a bank, which is another institution that is vital to the economic growth of the country. Banks are the leading taxpayers within their respective countries, provide hundreds of thousands of people with employment opportunities, and purchase a significant amount of goods and services within the country. The impact of the banking system also extends to providing small startup businesses with products and services such as financing, lines of credit, term loans and mortgages, which allows capital venture firms to have a higher rate of success and eventually lead to a healthy and competitive economy. The factory is located further behind the school building, and helps with the diversification of the country's industries and shifts the country away from a dual economy and towards a more service and manufacturing-oriented economy. Another result of sustained economic growth is the transition of the country from primary to tertiary industries, such as the high-tech and financial sectors. As a result of the improved education of the general public, the number of highly skilled workers within the country will surely increase and more people will be able to contribute to the technological and financial developments of the country. Located on the opposite side of the river that splits the city in half, is the land of the Native First Nation tribes. The impact of economic growth within the country also has a significant impact on the lives of the indigenous people who are one of the major beneficiaries. Economic development results in an improvement of inequality and human rights will provide an opportunity for the indigenous population to preserve and express their creativity and culture without being put at a significant disadvantage or discriminated against.

## **2.2: Environment**

To ensure that economic development can be sustained, the ecological footprint has to be reduced. Therefore, an artificial forest has been planted to reduce carbon emissions as well as preserve the natural ecosystem of the plants and animals that live there. Efforts have also been made to ensure that the oceans are protected and free from the garbage of all sorts and the river that runs through the city has also been cleaned to make clean passage for any ship passing through. The lack of fishing boats within the Exclusive Economic Zone (EEZ) suggests that the fishing industry is protected to prevent overfishing. Sustainable agriculture has also been implemented as can be seen on the right side of the city where harmful pesticides and fertilizers are not used to ensure that the fertility of the land, soil and nearby water sources have not been damaged. Economic development also comes with the improvement in the basic rights of the animals, therefore the animal husbandry industry will ensure that animals are raised, cared for and eventually killed humanely and sustainably. The mountain ranges near the back of the image have not been mined and exploited for their natural resources to show that the use of its natural minerals and petroleum is controlled.

## **2.3: Infrastructure**

To improve the overall productiveness of the population, many roads were constructed to ensure that the workers can easily traverse the city and its surrounding areas. Moreover, parks were created as a source of leisure and recreation to improve the happiness level of the general public. As Kenya is located relatively close to the equator, the year-round temperature of the country is rather high. Instead of utilizing artificial methods of air conditioning, the government could increase the number of trees and other plants in the city as shown by a large amount of greenery in our image.

### **3. Contrast**

For many undeveloped and developing countries, economic growth and development often come hand in hand and improvements in the nominal and real GDP per capita will translate into a better overall quality of life. However, this is not always the case in certain countries, as economic growth may only benefit a small percentage of the population. This is especially true for many of the oil-producing countries such as Iran, which ranks 21st in the world in terms of GDP but falls all the way down to 84th on the Happy Planet Index and has a well-being index of only 4.6/10 which puts them at 101st place in the world. Another scenario where economic growth has not led to economic development would be environmental issues such as pollution being a byproduct of rapid economic expansion. This phenomenon can be seen in China, where the country ranks second in the world for its massive gross domestic product, but ranks merely 88th for its ecological footprint. The rapid expansion of its industries in the past decades has led to severe smog in its largest cities and frequent natural disasters such as the flood that left millions without a home in the Henan province. Moreover, China also experiences overproduction, where many of the state-owned industries have significantly increased their output in recent years such as constructing new homes in remote provinces. This is reflected in the increase in overall GDP but since the output is not being consumed, it does not reflect or improve the living standards. Finally, when countries spend too much of their GDP on their military, other services such as health care, education and even sufficient food, clothing and shelter might be affected. No country demonstrates this more clearly than North Korea, which has invested billions of dollars into its nuclear research program while a large majority of its population is starving in the city slums. The picture that we have drawn also acts as a warning about the potential obstacles that the country could face during its developing phase. As can be seen in the sky is a fighter jet, this brings up the issue of overspending on the military budget. The opportunity cost of fortifying its national defence will come at the cost of merit goods being neglected to the population. Furthermore, the clouds in the sky are of a darker colour, to show the already evident consequence of the environmental footprint. To combat this,

the government of Kenya should implement measures that limit the impact that the major industries have on our planet such as the Clean Water Act (CWA) or Clean Air Act (CAA). The factories are also shown to be exhaling carbon dioxide into the atmosphere, the government should also implement a carbon tax to reduce the amount of harmful waste going into the air.

#### **4. Overview**

In conclusion, the painting that we have drawn not only portrays Kenya's potential to become a country with sustainable economic development and growth through the portrayal of merit goods, infrastructural development and a well-preserved environment but also acts as a warning sign about the danger of the overuse and depletion of its natural resources. In the pursuit of a better future, the government of Kenya should consider taking measures that will ensure their growth can be sustained in the long run and also match its economic development alongside its economic growth.