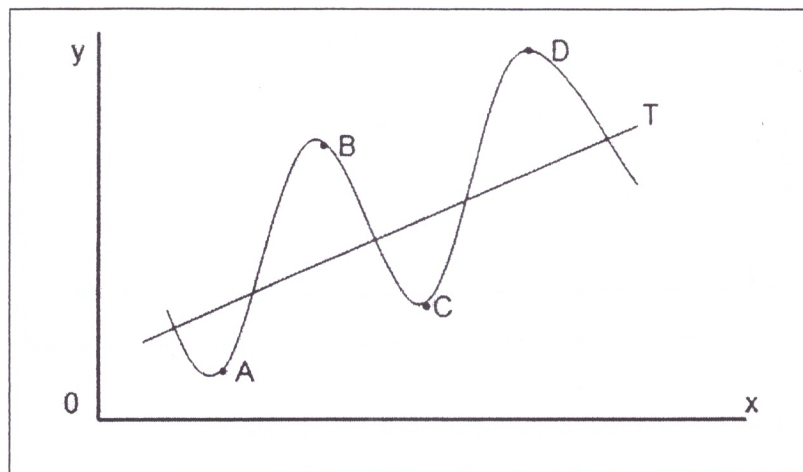


CHAPTER 23 (LU 11) - ECONOMIC GROWTH AND DEVELOPMENT

QUESTION 9

(LU 11)

9.1 The following figure represents a complete business cycle.



9.1.1 What is measured on the vertical (y) axis? (1)

9.1.2 What is measured on the horizontal (x) axis? (1)

9.1.3 What does point C represent? (1)

9.2 List two (2) reasons why the GDP is sometimes referred to as "the grossly distorted picture". (2)

9.3 List five (5) features or problems of poor developing countries which hamper their economic growth and development. (5)

Question 12

(Marks: 10)

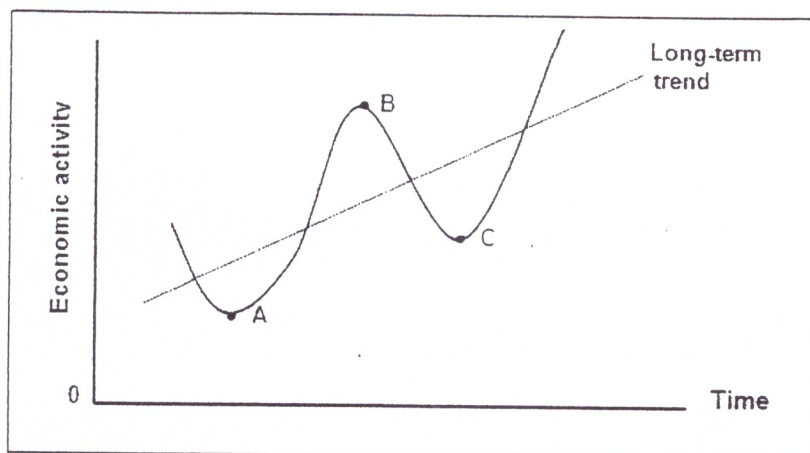
Q.12.1 One of the problems with using GDP as a measure of economic performance is the fact that non-market production is not included. List three other problems which arise from using GDP as a yardstick for economic performance. (6)

Q.12.2 List four (4) features or problems of poor developing countries which hamper their economic growth and development. (4)

Question 9

(Marks: 10)

The following figure represents a complete business cycle.



- Q.9.1 What term is used to describe the period between points A and B? (1)
- Q.9.2 What term is used to describe the period between points B and C? (1)
- Q.9.3 From the list below, select the two most likely policy directions which might have been applied at the period starting at point A. (2)
- (a) decrease in government spending
 - (b) increase in government spending
 - (c) increase in interest rates
 - (d) decrease in interest rates
- Q.9.4 Based on your answer in Q.10.3, list two (2) reasons for the change in policy at point A. (2)
- Q.9.5 List four (4) features or problems of poor developing countries which hamper their economic growth and development. (4)