

MACROECONOMICS: CGE

(BBUS1007)



**WELCOME TO
WEEK 8**

**Instructor:
Mamunur Rashid**

TODAY'S AGENDA

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- **Review of Last Week**
- **New Concept**
- **Learning Outcomes and EES**
- **Today's Discussion: Economic Growth**
- **Topics for Homework**

LEARNING OUTCOMES

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- **Chapter 6: Economic Growth**

1. Analyze the basic economic problem faced by all societies
2. Apply Fundamental Economic Theory to Current Events
3. Analyze the factors which influence changes in price level
4. Analyze various economic measurements

Chapter Specific Objectives

Explain the cost-benefit of economic growth

Describe the theories of economic growth

Understand the limits to growth

THE NATURE OF GROWTH

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- **The Fact of Growth**

Sustained increases in Y^* (economy's production)

A powerful method of raising material living standards

Even small differences in annual growth rates can result in large changes in living standards after many years

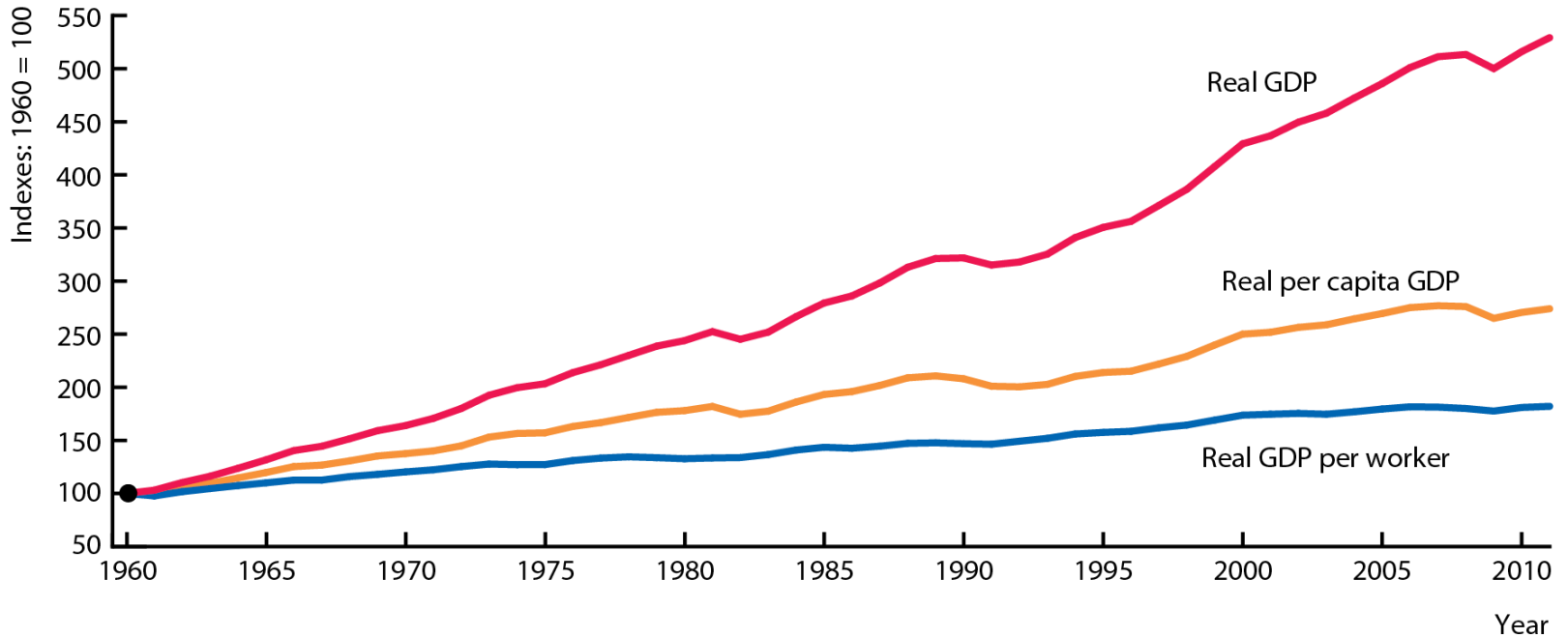
Three variables:

GDP, per capita GDP, and GDP per worker

THE NATURE OF GROWTH

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Three Aspects of Growth



BRAINSTORMING

6

- **Activity 1:**

Think – Pair – Share or Discuss in Small Groups

Find the answers

Share with the large group

WHAT IS THE IDEA?

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- **What do we see in the video?**

Read handout 2 before you watch the video:

<http://www.youtube.com/watch?v=dBTiCOtNwi0>

Use handout 2 to take notes while you watch

GROUP DISCUSSION

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- **Activity 3:**

Use handout 2 and 3

Find the answers

Discuss in Small Groups

Share with the large group

THE NATURE OF GROWTH (cont...)

9

Benefits of Economic Growth



THE NATURE OF GROWTH (cont...)

10

Benefits of Economic Growth

I support greater
income equality



Hurrah!



THE NATURE OF GROWTH (cont...)

11

Costs of Economic Growth



THE NATURE OF GROWTH (cont...)

12

Costs of Economic Growth



HOMework

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- **Read and Solve the following:**

- ➔ Read the case study Box 6.1: The Growth Magic

- ➔ Solve the end of Chapter Study Exercises

Exercises 1 through 10

CONCLUSION

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- **Next Week**

Chapter 7: Business Cycle

Thanks for coming!