

## NOTES ON ECONOMIC GROWTH

1) Economic Growth - occurs when GDP increases from one time period to the next time period.

2) Negative Growth - occurs when GDP decreases from one time period to the next time period.

3) Proportional Growth Formula - used to calculate economic growth. Here is formula:

- $(GDP_2 - GDP_1 / GDP_1) \times 100$
- Also, the results of this calculations are reported in percentages

### SAMPLE PROBLEM

GDP in China in 2010 was \$6.08 trill. In 2017, China's GDP was 12.14 trill. Calculate the rate of economic growth over the time period. Using the formula above plug the numbers into the formula

$$(12.14 - 6.08 / 6.08) \times 100$$

$$(6.06 / 6.08) \times 100$$

$$.9967 \times 100$$

$$99.7\%$$

Based on our result, we can conclude that China's economy grew at a rate of 99.7% from 2010 to 2017.

### NOTE:

1. **DO NOT RUN YOUR STEPS TOGETHER. DO ONE STEP AT A TIME.**
2. **DO NOT FORGET TO INCLUDE THE PERCENT SIGN.**