

Write a short answer essay (two or three paragraphs only) for each of the following questions.

**1. GDP can be measured from the demand side or the supply side. What is the difference?**

GDP is the value of all final goods and services within a year. This is measured by the total value of the dollars that are bought in the economy or by the total value of its production. For all this, GDP is measured on the demand side, and is measured mainly in four groups: consumption, investment, government spending and export spending.

The difference between both of them is that the supply side is aimed at increasing the supply of goods and services available to consumers. On this side, taxes keep down then businesses will have more money to create new services and products. The wider variety of offered products the more consumers will find what they need on the market. On the other hand, the demand side is all about increasing demand in the consumer. It increases the relative wealth of people who want to purchase. One of the objectives of this side is to redistribute wealth by taking extra income taxes from corporations and the rich for the middle and poor class.

**2. What do economists mean when they talk about economic growth?**

For economists economic growth is an increase in production of economic services and goods comparing this from one period of time to another. There are times when profits are correlated with higher marginal productivity, leading to higher incomes that cause consumers to buy more.

Economic growth depends mainly on physical capital, human capital, labor and technology. In other words, the improvement of these factors allows improving the quality of life of people in terms of work. Improvements are seen in tools, helping labor, capital, and raw material jobs that lead to economic growth

### **3. What causes some countries to grow faster than others? (Again, just a few main ideas.)**

There are many reasons why countries grow economically faster than others. Mainly the countries that have a greater variety and ease of capabilities can manufacture more difficult and more complex goods and services. In addition, countries that have these resources can more easily find other needs than other less developed countries. Taking this into account, the most developed countries can opt for globalization, which means that part of their projects can be carried out in other places, and therefore there is an expansion. On the other hand, technology today is key. Everything currently requires something technological, and there are countries that do not have these resources that simply because of the poor development of this factor already have it difficult to improve their economy compared to other developed countries that do have it.