

# ECONOMICS: Economic objectives and the role of Government (1)

A ECONOMIC GROWTH		
1	Economic growth	An increase in the output (goods and services) of a country over a given period of time. Measured by the change in GDP.
2	Gross Domestic Product (GDP)	The total value of output (goods and services) produced within an economy over a given period of time.
3	Drivers of economic growth	Spending by: consumers, the Government, firms, foreign buyers (exports), investment by foreign firms into the country. Improved productivity within the economy due to: Improved education/training of the workforce, increased competition, investment in technology, improved infrastructure, discovery of new resources.
4	Recession	Two consecutive quarters (six months) of negative economic growth.
5	GDP per capita	Value of GDP (£) / Population of the country.
6	Policies to encourage economic growth	Increased Government spending, subsidies to firms, lowering taxes (fiscal policy), lowering interest rates (monetary policy).
7	Benefits of economic growth	Increased employment, increased likelihood of investment by firms, rising incomes, positive multiplier effect.
8	Costs of economic growth	Risk of higher inflation, greater output = environmental damage, rising inequality.

B LOW UNEMPLOYMENT		
1	Employment	When an individual is actively working and is receiving pay for their work, e.g. a Nurse is employed by the NHS.
2	Unemployment	When someone is of working age, and is willing and able to work, but cannot find a job.
3	Unemployment rate	(Number of individuals unemployed / Number of individuals in the labour force) x 100
4	Claimant count	The claimant count is the (seasonally adjusted) number of people receiving Job Seekers Allowance.
5	Cyclical unemployment	Caused by a fall in total spending within the economy / a fall in the demand for goods and services. This is more likely during a period of recession.
6	Frictional unemployment	Caused by workers seeking a better/alternative job; workers in-between jobs.
7	Seasonal unemployment	Workers without jobs due to the time of year e.g. fruit pickers in the Winter.
8	Structural unemployment	Caused by lack of skills for the jobs available; a result of deindustrialisation or other structural changes in an economy, e.g. coal mining.
9	Consequences of unemployment	Poverty, higher likelihood of crime, increased pressure on the Government for Job Seekers Allowance payments.
10	Policies to tackle unemployment	Increased Government spending, subsidies to firms, lowering taxes, lowering interest rates, increased funding for apprenticeships.