**Feedback on Assessment 7- Economic Growth**

1. Discuss in detail two factors responsible for economic growth in Australia. Use a diagram to show what happens to the economy as a result of these factors. (8 marks)
* This question was for 8 marks for which students are expected to use **DEED approach.**
* Some students did not define economic growth which should be the starting point.
* Most of the students did not give the target rate of EG for Australia. Always remember to give target/desired rate for all macroeconomic objectives e.g. Economic Growth, Price Stability and Full Employment.
* Diagram to show the rate of economic growth needs to be explained with reference to specific points on your diagram. Any of the following diagrams can be used; Production Possibility Frontier/Curve (PPF), Aggregate Production Frontier (APF).
* There should be an explanation of the above diagram e.g. the PPF shows the opportunity sets of production in a given period of time. It shifts to the right from PPF1 to PPF2 when an economy grows over time showing more production possibilities.
1. Discuss three (3) costs and three (3) benefits of economic growth. (6 marks)
* This was excellently done by students.
* When discussing costs and benefits, you also needed to provide explanation on how economic growth causes these benefits and/or costs.
* Increase in real GDP is not a benefit of economic growth. Real GDP is a measurement of economic growth.
1. i. What is meant by real GDP? Calculate its value in Year 2. (Show all workings). 3 marks)

ii. Explain what has happened to real GDP/capita from Year 1 to Year 2 and how this would have impacted material living standards. (3 marks)

* Not reading the question was the main difficulty in i. 2 main errors were applying the wrong formula and calculating the % change. I suspect some students answered the question this was because they expected that calculation.
* The other error was to invert the CPI formula and put year 2 as the numerator and year 1 as the denominator.
* Part ii. Few students showed the workings or acknowledged the 5% increase in population.