

5.7 Public Policy and Economic Growth

Name: _____ Class: _____ Date: _____

Total: 9 marks

KEY WORDS property rights 产权 • human capital 人力资本 • physical 实物资本 • economic growth 经济增长
• productivity 生产率

Objective

Build the skills to answer exam questions on **public policy and economic growth**.

You must be able to:

- describe policies that promote growth, such as investment in **physical** 实物资本 and **human capital** 人力资本
- explain how **research and development** and technology raise productivity
- discuss the role of institutions, **property rights** 产权, and incentives

1 Worked examples

Study these first. Each one shows the method for a question type used later.

■ Investing in capital

- **Physical capital** — infrastructure, machines, factories.
- **Human capital** — education, training, health.

■ Technology

Spending on **research and development** raises **productivity**, letting the economy produce more from the same resources.

■ Institutions

Secure **property rights**, the rule of law, and good incentives encourage investment and innovation — essential for long-run growth.

2 Practice

2.1 State two policies that promote economic growth. [2]

2.2 State how research and development raises growth. [1]

2.3 State one institutional factor important for long-run growth. [1]

3 Exam-style questions

3.1 Investment in human capital means spending on [1]

- A machines and factories
 - B education and training
 - C government bonds
 - D imports
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3.2 Which of these promotes long-run growth? [1]

- A weak property rights
 - B research and development
 - C high inflation
 - D trade barriers
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3.3 A government wants to raise the economy's long-run growth rate.

(a) Name one policy involving **physical** capital. [1]

(b) Name one policy involving **human** capital. [1]

(c) State why secure property rights matter for growth.

[1]

Solutions

2.1 any two of: investment in physical capital (infrastructure), investment in human capital (education), support for R&D/technology.

2.2 it raises productivity, so more can be produced from the same resources.

2.3 secure property rights, the rule of law, or good incentives (any one).

3.1 B.

3.2 B.

3.3 (a) build infrastructure or invest in machines/factories. (b) fund education or training. (c) they give people the confidence to invest and innovate, knowing they keep the rewards.