**PRODUCTIVITY and ECONOMIC GROWTH**

Chapter 1

Section 2

Economic growth occurs when a nation’s total output of goods and services increases over time. This means that the circular flow becomes larger, with more factors of production, goods, and services flowing in one direction and more payments in the opposite direction. Productivity is the most important factor contributing to economic growth.

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| PRODUCTIVITY | INVESTING in HUMAN CAPITAL |
| DIVISION of LABOR & SPECIALIZATION | ECONOMIC INTERDEPENDENCE |

PERSONAL WRITING:

On the back of this page, write about ways that you are dependent on others or how others are dependent on you. Circle which examples show economic interdependence and explain why.