



FINANCIAL UNIVERSITY UNDER THE  
GOVERNMENT OF THE RUSSIAN FEDERATION  
FACULTY OF ECONOMICS OF FUEL AND  
ENERGETIC COMPLEX

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# **Social costs of economic growth**

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TEK19-6

# OUTLINE

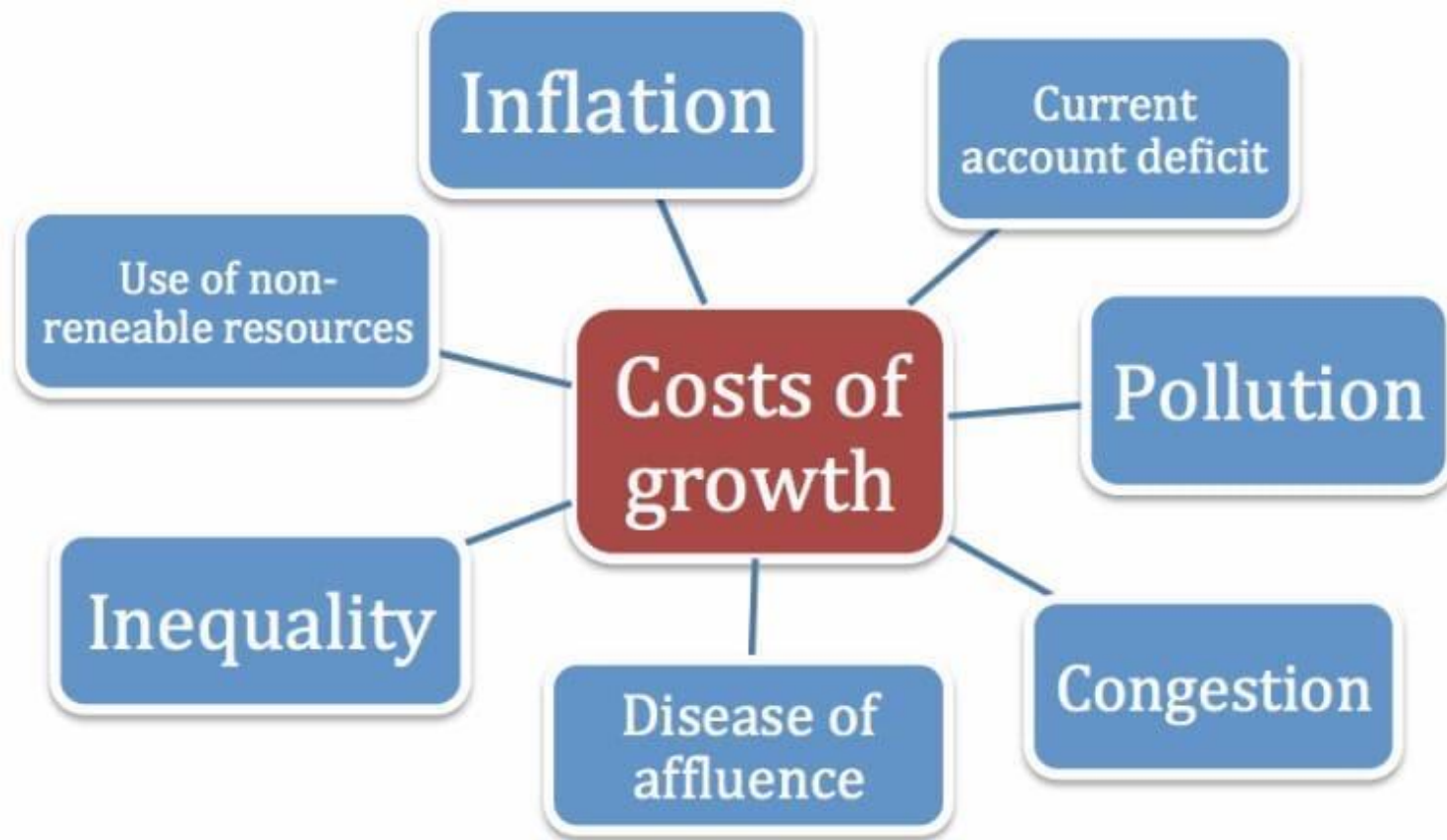
- Connection between economic growth and social costs
- Kinds of social costs

# Connection between economic growth and social costs



- an increase in real GNP
  - a beneficial force
  - the downsides of this process damage to some sectors of a society
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# Kinds of social costs

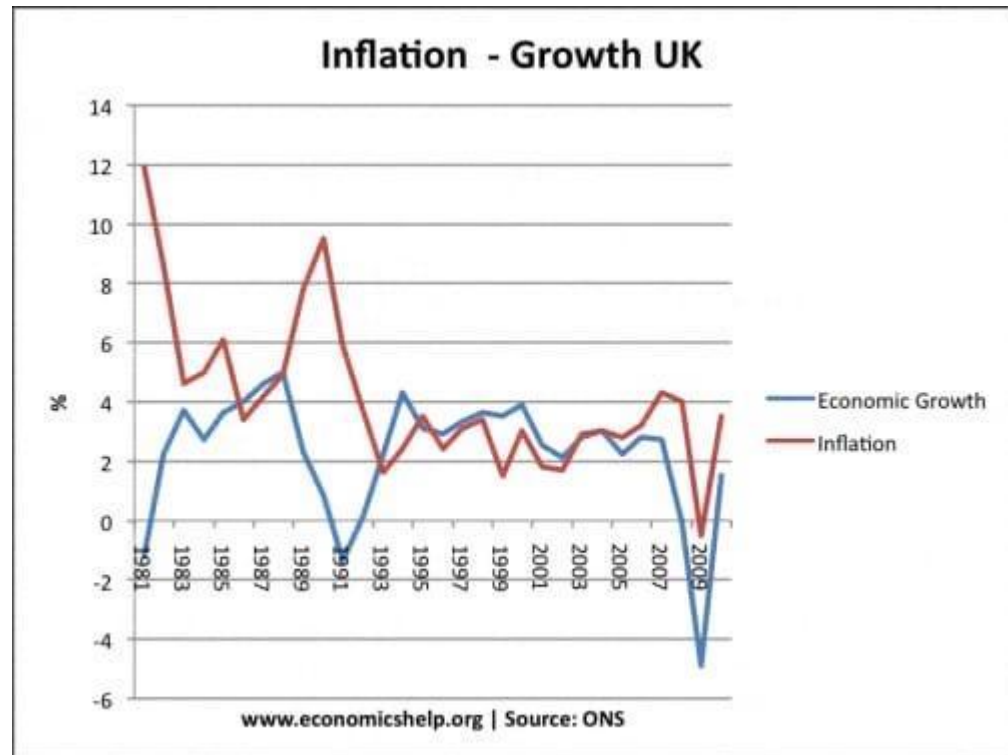


# Kinds of social costs

## 1. Inflation.

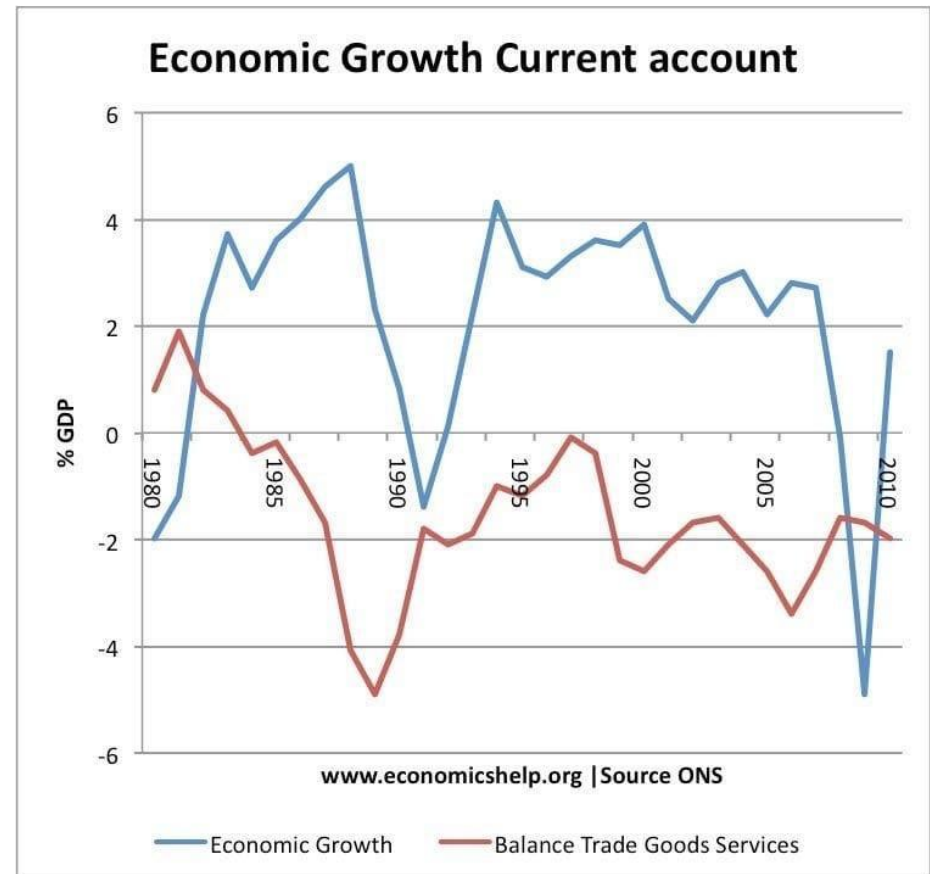
$AD > AS =$  inflation  
demand increases too quickly  
firms push up prices.

Graph showing economic growth caused by rising AD leads to inflation.



## 2. Current account deficit increase in spending on imports

deterioration on the current  
account.



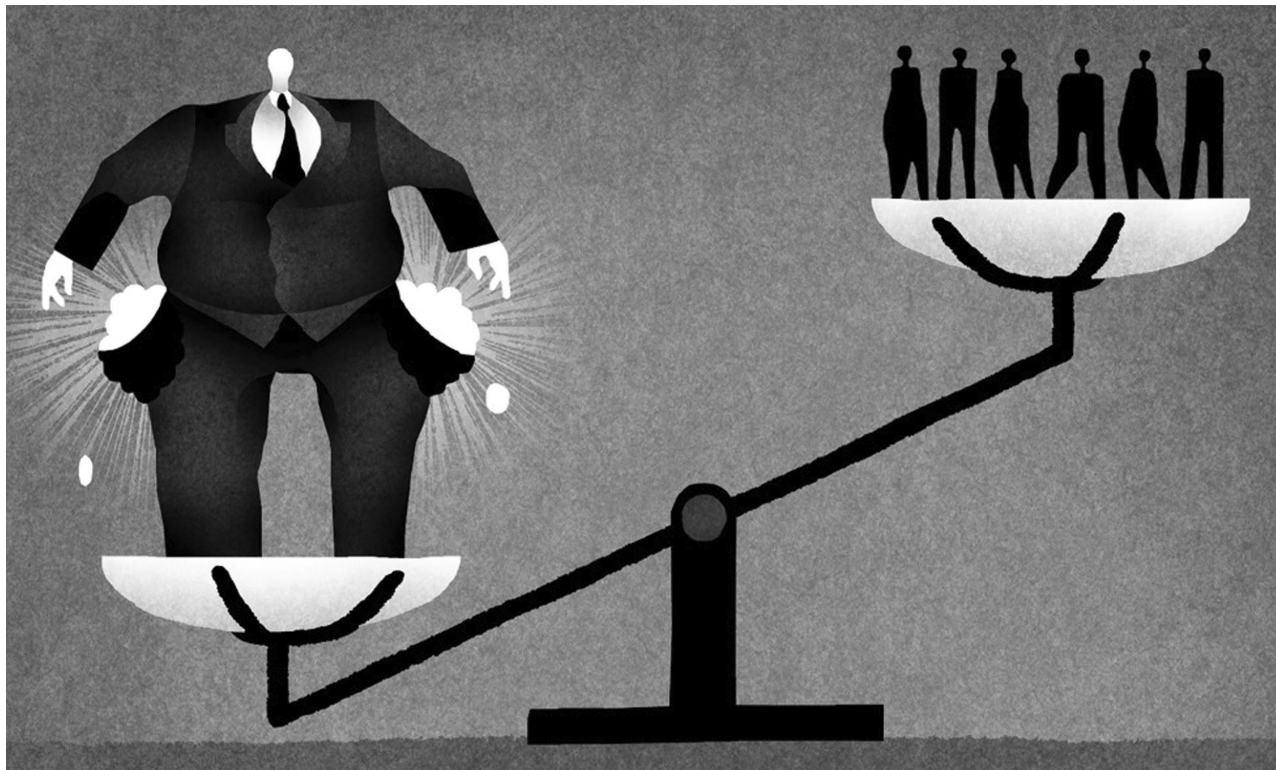
## 3. Environmental costs

- increase output and consumption
- causes an increase in pollution
- health problems such
- greater use of raw materials
- speed up depletion of non-renewable resources



## 4. Inequality

- growth can benefit a small section of society more than others
- depends upon tax rates and the nature of economic growth
- a force for reducing absolute and relative poverty.





- Английский язык: Экономика и Финансы Часть 2. Введение в специальность (THRESHOLD) Под редакцией Г.А.Дубининой
- Web-site of economic help:  
<https://www.economicshelp.org/macroeconomics/economic-growth/costs/>
- Web-site «wiseGEEK»:  
<http://www.wisegeek.net/what-are-the-costs-of-economic-growth.htm>