STRAND 3: AGGREGATE ECONOMIC ACTIVITY AND POLICY

Sub – Strand 1:- Aggregate Economic Activity & Policies:

a) Circular Flow Model (Diagram):

At the end of this sub-topic, students should be able to answer the following learning outcomes.

a) Circular Flow Diagram.		Skills Level
1. Circular Flow Model.	i. State the Assumptions of the Circular Flow Model.	1
	ii. State the Limitations of the Circular Flow Model.	1
	iii. Apply some of the Basic Economic Concepts on the Circular Flow Model.	3
2. Construction of the Circular Flow Model—5 Sectors Circular Flow.	i. Construct a 5 Sectors Circular Flow Model.	3
3. Significant of the Basic Economic Concepts to the Circular Flow Model.	iii. Explain the Significance of a Circular Flow Model.	3

Define Circular Flow Model (Diagram)!

- Is an economic model which shows a movement of the money and goods or resources between various sectors of the economy?

Assumptions of Circular Flow Model:

- The economy uses money, which can be used to value the real flows
- There is no depreciation. Firms pay all profits to owners in the household sector.
- Government spending does not include transfer payments
- Not all income is available to households. They must pay some of their income to the government as taxes
- Households own all the factors of production, which they sell or hire to the producer sectors.

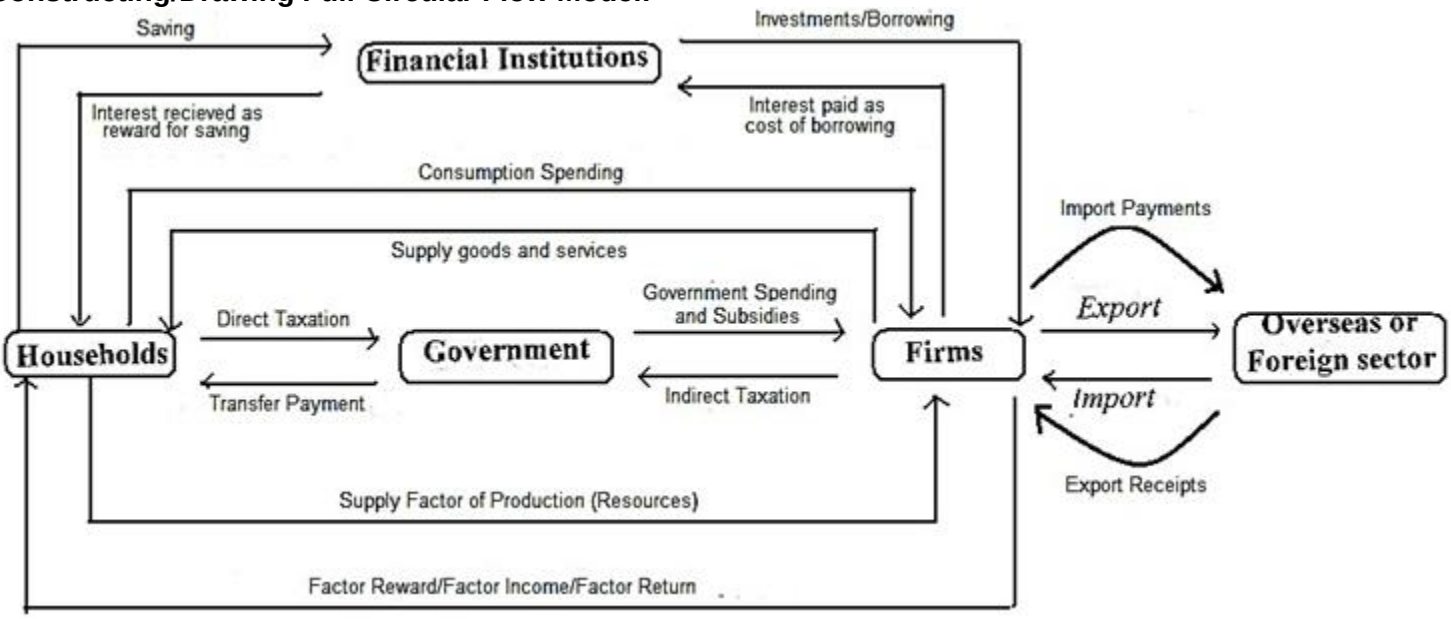
Limitations of Circular Flow Model:

- The model cannot show inflation
- The model cannot show all the possible flows between sectors, only the major ones.

Importance/ Significant of Circular Flow Diagram!

- The **circular flow diagram** is an economic model that provides a useful illustration of how the economy works and it helps us understand how national income and expenditures are calculated. This model shows leakages and injections to the economy. It also illustrates some important concepts in economics such as interdependence and specialization.

Constructing/Drawing Full Circular Flow Model:



REAL FLOWS
This refers to the movement of goods, services and resources.

MONEY FLOWS
This refers to the movement of money used to purchase goods, services, resources or the flow of money from savers to investors through the Financial Sector. This flow is also known as the _Monetary Flows'.

INJECTIONS
This refers to the money that enters the circular flow from outside.

- ✓ Export receipts.
- ✓ Transfer payments.
- ✓ Investment.
- ✓ Borrowing from overseas

WITHDRAWALS/LEAKAGES
This refers to the money that is taken out of the circular flow. This involves:

- ✓ Savings.
- ✓ Import payments.
- ✓ Fall in net export.
- ✓ Exceeding Government spending over taxes.

Basics Concepts illustrated by the Circular Flow Model:

a) Specialization: - concentrating in doing one particular jobs.

Consumers concentrate in supplying factors of productions (resources) while producers concentrate in combining these factors of productions to produce goods and services.

b) Interdependence: - mutual relying on one another.

Consumers rely on producers for goods and services while producers rely on consumers for factors of production.

c) Exchange: - swapping goods and services for money

Consumers supply factors of production and producers pay for their usage with factor reward.

These concepts can be explained using others sectors from Consumer and Producer.

(Koe ngaahi concepts ko'eni 'e malava pe keke fakamatala'i 'o ngaue'aki e ngaahi sekitoa mei he consumer & producer)

b) National Income:

At the end of this sub-topic, students should be able to answer the following learning outcomes.

b) National Income.		**Skills Level**
1. Gross Domestic Product (GDP). 2. Gross National Income (GNI). 3. Gross National Expenditure (GNE).	i. Define Gross Domestic Product (GDP).	1
	ii. Define Gross National Income (GNI).	1
	iii. Define Gross National Expenditure (GNE).	1
	iv. Differentiate between GDP, GNI and GDE.	3
4. Nominal GPD. 5. Real GDP. 6. Real GDP Per Capita.	i. Define Nominal GDP.	1
	ii. Define Real GDP.	1
	iii. Define Real GDP Per Capita.	1
	iv. Differentiate between Nominal GDP, Real GDP and Real GDP Per Capita.	3
	v. Calculate Nominal GDP.	3
	vi. Calculate Real GDP.	3
	vii. Calculate Real GDP Per Capita.	3
	viii. Calculate Economic Growth.	3
	ix. Discuss why real GDP per capita is a better measure of economic growth as compared to real GDP.	4

Important Terms:

a) Gross Domestic Product (GDP)
- Refers to the total value of all final goods and services produced within an economy for a period of time.

b) Gross National Income (GNI)
- Refers to the total amount of income earned in a country within a given period of time.

c) Gross National Expenditure (GNE)
- Refers to the amount of spending on final goods and services made within a country in a given period of time.

The differences between the **THREE:**

- GNI and GNE are methods used to calculate GDP.

<table>
<tr>
<td>GNI</td>
<td>- refers to the total amount of income
earned in a country within a given period of time.</td>
<td></td>
<td colspan="2">Component</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Incomes earned by consumers</td>
<td>Compensation of employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm's profit</td>
<td>Gross operating surplus</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Indirect taxes - subsidies</td>
<td>Net indirect taxes</td>
</tr>
<tr>
<td>GNE</td>
<td>- refers to the total amount of income
earned in a country within a given period of time.</td>
<td></td>
<td colspan="2">Component</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Consumer spending</td>
<td>Final private consumption expenditure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Investment by firms</td>
<td>Gross fixed capital formation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Government spending</td>
<td>Final consumption expenditure – government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Export – import</td>
<td>Net export</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Change in stocks</td>
<td>Value of physical increase in stocks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Statistical discrepancy</td>
<td>Statistical discrepancy</td>
</tr>
</table>

d) Nominal GDP: - (GDP at Current Prices)

- measure the value of all final goods and services at a current prices and it is not adjusted to inflation.

Nominal GDP = Current Year Output X Current Year Prices

e) Real GDP:- (GDP at Constant Prices)

- measures the value of all final goods and services at a constant prices and adjusted to inflation.

Real GDP = *Current Year Output X Base Year Prices*

Or

$$= \frac{Nominal\ GDP}{Price\ Index} \quad X\ Base\ Year\ Price$$

f) Real GDP per capita: -

- a better indicator of standard of living and economic growth as it take into account inflation and the size of the population.

$$\textbf{Real GDP/capita} = \frac{Real\ GDP}{Total\ Population}$$

Calculating Nominal GDP, Real GDP, Real GDP/capita and Economic Growth

Example: Which is the better measure of Economic Growth.

Study the table below for an answer

Real GDP per Capita is the better measure of Economic growth

Hypothetical Statistic for Ecoland					
Year	**Price ($)**	**Output**	**Nominal GDP ($)**	**Real GDP ($)**	**Real GDP per capita ($)**
20X1	1.00	1,000	1,000	1,000	2
20X2	2.00	2,000	4,000	2,000	4
2OX3	3.00	2,000	6,000	2,000	4
20X4	4.00	3,000	12,000	3,000	6
20X5	5.00	4,000	20,000	4,000	8
BASE YEAR = 1990 (Total Population = 500)					

Economic Growth Rate: _____

= **x**

= **x** **= 100%**

Why Real GDP per capita is a better measure of economic growth than real GDP?

Real GDP per capita simply refer to the value of real goods and services available on average to each member of the population in the economy that is the average amount of money each person's make.

While GDP is the most widely used measure of a country's economic activity, GDP per capita is a better indicator or measure of the economic performance as it adjusting for population change. It leads to improve the usefulness of Real GDP. It also shows the change or trend in a nation's living standards and economic wellbeing over time, since it adjusts for population differences between countries.

Real GDP Per capita serves as an informal measure of a nation's prosperity; It allows comparison of growth rates between different countries. As such it become more reliable measures of Economic Growth.

Activity #1: Circular Flow and National Income

i. Define a Circular Flow Model.

_____

_____

ii. Explain t h e Significances of a Circular Flow Model.

_____

_____

_____

iii. State TWO Assumptions of the Circular Flow Model.

_____

_____

_____

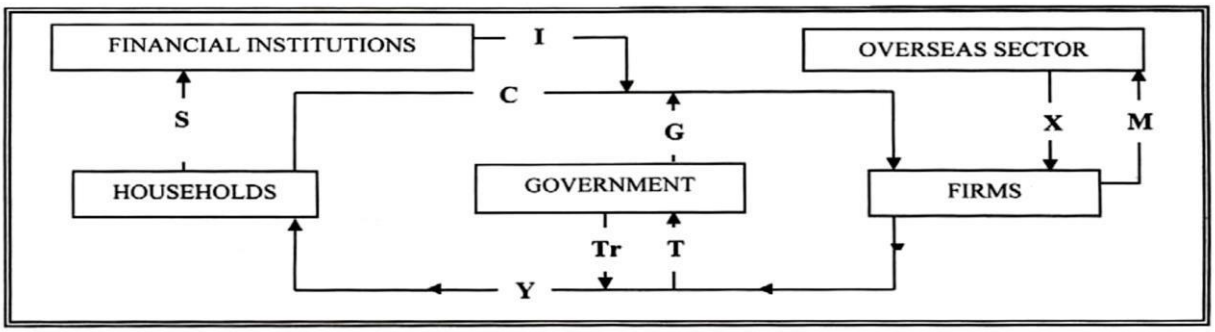
iv. State TWO Limitations of the Circular Flow Model.

_____

_____

_____

i. Construct a Circular Flow Model—5 Sectors Circular Flow.



Key: The flows are shown by the following standard notations: C - Consumer Spending
I - Investment
G - Government Expenditures X - Export Earnings
M - Import Payments S - Savings
T - Taxes paid by households and business firms Tr - Transfer payments

(a) Match the following items with the appropriate flow shown in the above circular flow model by writing down the standard notation only.

1. Income tax _____
2. Sale of wood by Aceland to China _____
3. Consumer purchases weekly groceries _____
4. Unemployment benefits _____
5. Paying money into a superannuation scheme by income earners of Aceland _____
6. Paying for a new public hospital _____

i. Explain the Applications of some of the Basic Economic Concepts upon the Circular Flow Model.

_____

_____

_____

_____

The following table shows the Gross Domestic Product (GDP) data for a hypothetical economy. Study the table below and answer the questions that follow.

Year	GDP at Current Price ($)	Price Index	GDP at Constant Price ($)
1	400	100	**A**
2	650	130	500
3	858	143	600
4	1023	150	**B**

(a) Define **GDP at Current Price**.

_____

_____

(b) Calculate the rate of inflation for Year 2.

_____

_____

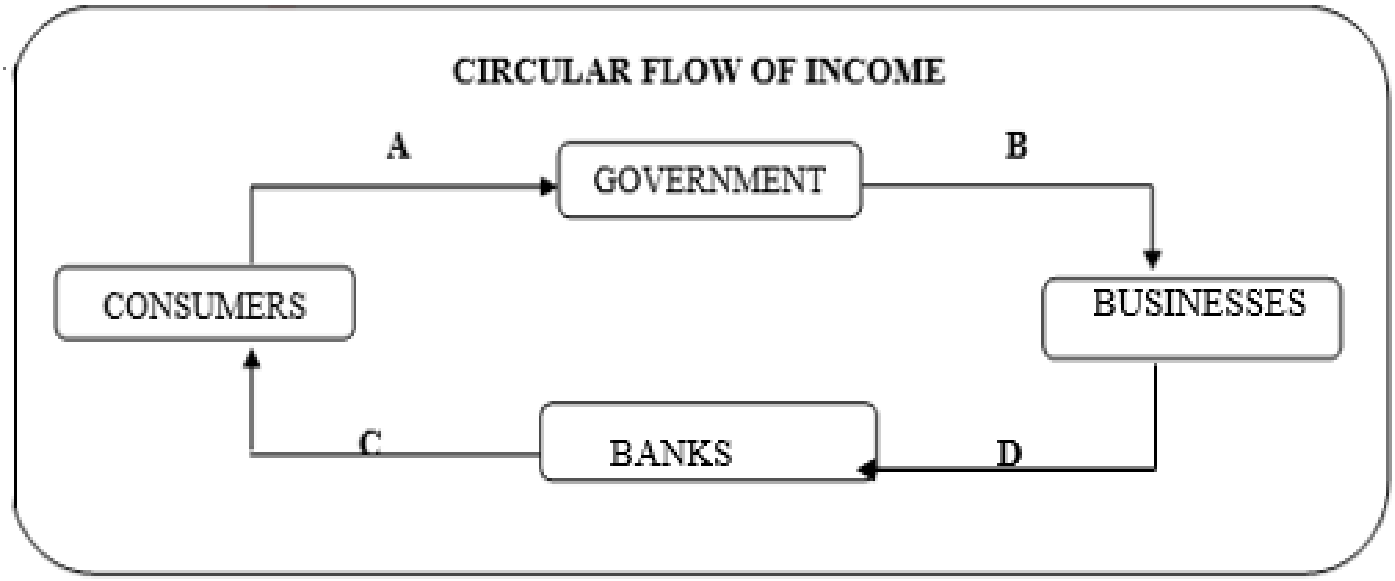
_____

(d) Calculate the values for

A: _____

B: _____

1. Study the circular flow of income below and answer the questions that follow.



a) Identify the flow that is being represented by each of the letters above. (4 marks)

Flow A: _____

Flow B: _____

Flow C: _____

Flow D: _____

b) With Goods Flow, explain the relationship between Businesses and Consumers. (2 marks)

_____

_____

_____

Study the table below and answer the questions that follow

Year	Price Index	Output	Nominal GDP	Real GDP
1	1,000	1,000		
2	1,200	2,000	X	
3	1,400	3,000		Y
4	1,600	3,000		

a) Define Real GDP?

_____

_____

b) Calculate the values for X and Y. Show ALL workings

_____

_____

_____

_____

c) Identify with a reason the year (interval) that experienced "zero economic growth".

Year: From_____ To_____

Reason:

_____

_____

_____

c) ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT:

c) Economic Growth and Economic Development.		SL
1. Economic Development. 2. Economic Growth. 3. Developing Countries. 4. Developed Countries. 5. Under - Developed Countries.	i. Define Economic Development.	1
	ii. Define Economic Growth.	1
	iii. Describe Developing Countries.	2
	iv. Describe Developed Countries.	2
	v. Describe Under – Developed Countries.	2
	vi. Define Birth Rate The ratio of live births in an area to the population of that area; expressed per 1000 population per year	1
	vii. Define Death Rate The ratio of deaths in an area to the population of that area; expressed per 1000 per year	1
	viii. Define Literacy The ability to read and write	1
	ix. Define Foreign Investment	1
	x. Define Labour Force	1
	xi. Define Foreign Aid	1
	xii. Define Remittances	1
	xiii. Define Primary Sector	1
	xiv. Define Secondary Sector	1
	xv. Define Tertiary Sector	1
6. Indicators used to Classify Countries into Developing Countries and Developed Countries.	i. State the Indicators used to classify a country into a Developing or Developed country.	1
	ii. Describe how each Indicator is used to classify a country into a Developing or Developed country.	2
	i. Calculate the Birth Rate.	3
	ii. Calculate Death Rate	3
	iii. Calculate Ratio of Man – made Resources to Labor Force.	3
	iv. Calculate Proportion of GDP saved per year.	3
	v. Calculate Proportion of GDP invested per year.	3
	vi. Calculate Literacy Rates.	3
	vii. Calculate Proportion of Labor Force in Primary Sector.	3
	viii. Calculate Proportion of Labor Force in Secondary Sector.	3
	ix. Calculate Proportion of Labor Force in Tertiary Sector.	3
	x. Calculate GDP Per Capita.	3
	xi. Calculate Ratio of Savings to GDP.	3
	xii. Calculate Ratio of Investment to GDP.	3
	xiii. Calculate Ratio of Remittances to GDP.	3
	xiv. Calculate Ratio of Foreign Investment to GDP.	3
7. Comparison and Developing Countries	i. Compare the Characteristics of Developing Countries and Developed Countries.	3
8. Calculation of the Indicators of Developing Countries Developed Countries.	i. Calculate the Indicators (where required) of Developing Countries and Developed Countries.	2
9. Evaluation of the Economy.	i. Evaluate the Tongan Economy using the Indicators of Developing Countries and Developed Countries.	4

Economic Growth: -

It refers to an increase in the amount of goods and services produced per head of the population over a period of time.

It is the increase in Real GDP over a period of time. This means that:

- There are more goods and services available for consumption.
- There is an improvement in the standard of living.
- There is more productivity and employment.
- There is a better quality of life.

Economic Development: -

- It refers to the process of developing and maintain suitable Economic, Social and Political environments, in which balanced growth may be realized, increasing the wealth of the country.

- Economic development refers to the combined processes of capital formation, rising per capita incomes, increasing skill in the population, adoption of new technological styles and other related social and economic changes.

Developing Countries: -

- These are the countries that are still in the in the stages of improving on their economical, social and political conditions
- They are sometimes referred to as the ―Third –world countries‖ and ―Less –developed countries(LDC's)‖
- Tonga can be classified as a ―developing Country‖. Many South Pacific countries are also classified as developing countries such as Samoa, Fiji etc..

Developed Countries: -

- These are the countries that have advancements on their economical , social and political conditions
- They are sometimes referred to as the ―First World countries‖ and ―developed countries‖ such countries are America, China, Great Britain, Japan, Australia etc.

Under-Developed Countries: -

- Refers to the state of an **economy** where levels of living of common people are extremely low due to very low levels of per capita income resulting from low levels of productivity and high growth rates of population.
- These are the countries that have not advance in their economical, social and political conditions.

Primary Sector: The **sector** of an economy making direct use of natural resources including agriculture, forestry, fishing and mining

Secondary Sector: The **sector** of the economy that principally uses raw materials produced by the primary **sector** for manufacturing of finished goods and products for sale and use by other **sectors**

Tertiary Sector: The **tertiary sector** consists of industries which provide a service, such as transport and finance

INDICATORS USED TO CLASSIFY DEVELOPING AND DEVELOPED COUNTRIES:

Monetary indicator of development

- Per capita GDP
- Proportion of labour force in primary, secondary and tertiary
- Ratio of foreign aid /foreign investment to GDP

Social indicators of development are sometimes referred to as non – monetary indicators.

- Life expectancy at birth in terms of number of years
- Infant mortality rate (per 1000 live births)
- Adult literacy rate in percentages.
- Crime rates
- Educational level
- Health level
- Numbers of doctors/ nurses / teachers

Test of Economic Development

1. Age structure of the population (including birth rate, death rate, life expectancy and migration)

2. Ratio of man-made resources to the labour force

$$\frac{\text{Value of man-made resource (National capital)}}{\text{Labour force}}$$

3. Proportions of GDP saved and invested each year

1. Proportions of GDP saved

$$\frac{\text{Total Savings}}{\text{National Income (GDP)}}$$

2. Proportions of GDP invested

$$\frac{\text{Total Investment}}{\text{National Income (GDP)}}$$

4. i) Proportion of labour force in primary, secondary and tertiary industry.

$$\frac{\text{Labour force in the primary industries}}{\text{Total labour force}} \qquad \frac{\text{Labour force in the secondary industries}}{\text{Total labour force}}$$

$$\frac{\text{Labour force in the tertiary industries}}{\text{Total labour force}}$$

ii) Proportion of industries to GDP

$$\frac{\text{Primary industries}}{\text{Total GDP}} \qquad \frac{\text{Secondary industries}}{\text{Total GDP}}$$

$$\frac{\text{Tertiary industries}}{\text{Total GDP}}$$

5. The composition of imports and exports

6. Ratio of foreign aid to GDP

$$\frac{\text{Foreign aid}}{\text{National Income (GDP)}}$$

7. Ratio of remittances to GDP

$$\frac{\text{Remittances}}{\text{National Income (GDP)}}$$

8. Ratio of foreign investment to GDP

$$\frac{\text{Foreign Investments}}{\text{National Income (GDP)}}$$

9. GDP per capita

10. Levels of education and health including literacy rates

11. Labour force as a percentage of population

$$\frac{\text{Labour force}}{\text{Total population}}$$

12. Ratio of national debts to GDP

$$\frac{\text{National debts}}{\text{National Income (GDP)}}$$

13. Human Development Index (HDI):- measures development in terms of socio-economic progress. It combines per capita income (the monetary part of the development indicator) and the social indicators of life expectancy, adult literacy and average years of schooling into a single index called the HDI.

COMPARISON OF DEVELOPING and DEVELOPED COUNTRIES

FEATURES	DEVELOPING COUNTRIES	DEVELOPED COUNTRIES
1. **Age structure of population including birth rate, death rate, life expectance and migration**		
Age structures	• Very youthful 40% of the total population is children under 15 years old. The work force supports twice as many children as it does in developed countries • It indicates high dependency burdens. • It refers to the proportion of the population in the 0-15(and 65+ age groups combined).These groups of people are not counted as part of the workforce and are considered to be economically unproductive. • Nevertheless they still have to be fed, clothed, educated, housed, etc. Naturally, this imposes a burden on the workforce and on the government because they must effectively devote resources to the production of goods & services for use by those who really contribute nothing to total production.	• 21% of the total population is children under 15 years old. • The workforce is career oriented therefore child- bearing might just get in the way of job obligations and professional performance and competitiveness. • Child-bearing is expensive due to all the health and education legal requirements.
Birth rates - Numbers of live births per thousand of population per year	• High • Contributing factors could be low income, low education, and inability to finance better health facilities/doctors. • Less access to birth control education and methods.	• Low • Due to advancement in education and health services and supports
Death rates - Number of deaths per thousand of population per year	• High • Contributing factors could be low income, low education, and inability to finance better health facilities/doctors. • Less access to birth control education and methods.	• Low • Due to advancement in education and health services and supports
Life Expectancy - It refers to the expected number of years of live remaining at a given age - **Death age Population**	• Low • Contributing factors could be low income, low education, and inability to finance better health facilities/doctors. • Less access to birth control education and methods.	• High • Due to advancement in education and health services and supports, thus improving the quality of life and healthy and happy living
Level of Migration	• High people in developing countries are motivated to migrate into developed countries for a much better standard of living.	• Low • There is not so much of any reasons for the people in developed countries to move out of country since there are being well provided for in terms of education, health and other opportunities.

2.Levels of education and health including literacy rates		
Level of Education	• Low • Due to a low education, the level of productivity is low follows thus contributing to low economic growth.	• High • Due to greater education provisions, the level of education is high. A well-educated population caters for great skills accrued thus increasing productivity contributing to greater economic growth. • School qualifications are high with common minimum around university bachelor degrees.
Level of health	• Low • With low health provision and support, the population's health level is low. The low level of happiness of the population is also a factor to low health.	• High • With high support and provision of health available, the population is healthy. A healthy population caters for a much happier population.
Literacy rates The ability of a country to read, write and understand.	• Low • With low educational provision and support, the population is not well educated as the ones of a developed country – in terms of being able to read , write and understand.	• High • With high support and provision of education available, the population is well educated and is well able to read , write and understand
3. Ratio of man-made resources to labour force		
• A number of tests are available in testing or assessing a country's rate of economic development • The ratio of man – made resources to the labour force is a very appropriate and significant test on its own because it highlights the quantity of output /resources which are required and produced by the available labor force in a specified period of time	• Low • There are less capital goods or machinery available for the productions. This will lead to a low level of GDP and low level of Economic growth.	• High • There are a great availability of capital goods or machinery for the productions. This will lead to an increases of GDP and contributing to a higher Economic growth.
4. Composition of imports and exports		
(**Imports: Exports**)	• Imports are very high because a heavy rely on imports while the exports are very low .This is merely due to very limited availability resources. • Imports are mostly capital goods and exports mostly the primary products.	• Since there is a great availability of resources locally, imports are very low .And high degree of export due to efficient specialization and surplus production. • Imports are mostly primary products and exports mostly the capital goods

5. Proportion of GDP saved and invested		
GDP saved	• Low • There is less portion of income earned to be saved since earned to be saved since income earned is low. • Great proportion of the income earned is needed to be spent on everyday living thus leaving little or none at all to be saved.	• High • There is greater portion of income earned that is saved due to high income earned. • More resources also contributes to cheaper prices of goods and services thus leading to higher saving.
GDP invested	• Low • There is a less funds towards the creation and use of capital resources, low productivity, low real GDP as well as lower economic growth.	• There is a high portion of GDP contributed by investment. The use of funds for capital investments thus leading to greater productivity, increasing real GDP and also greater economic growth.
6. Proportion of labour force in primary, secondary and tertiary industry and their contribution to GDP		
Proportion of labour force	• The labor force is highly concentrated on the primary industry. Due to limited resources especially capital resources, the labour force are directed into agricultural and fisheries.	• The labour force is highly concentrated on the tertiary industry.
Proportion of industries to GDP	• Primary industry. This is all due to limited resources.	• Manufacturing industry. This is all due to the greater availability of resources.
GDP per capita - GDP per head which is the income (GDP) divided by the population count.	• The portion of GDP that is being contributed by an individual is very low • It indicates a lower economic growth.	• The portion of GDP that is being contributed by an individual is very high. • It indicates a higher economic growth.
Savings and Investment to GDP	• Low contributions of savings and investments to GDP. • This will reduce productivity thus hindering economic growth	• High contributions of savings and investments to GDP • This will generate greater productivity thus promoting further economic growth.

Ratio of remittances to GDP	• High dependence upon funds send from relatives from aboard.	• Low • There are hardly any reasons to demand for remittances since the earning within the country are sufficient enough to aid in all related operations of the economy.
Foreign investment to GDP	• Low	• High
Foreign aid to GDP	• High • Very high dependence upon funds from developed countries • These funds are essential in aiding the government in its public provisions.	• Low • Very low or none at all since the local government is catering well for its people with its provision.
Human Development Index (HDI)	• Low • Due to low economic growth as well as the low standard of living	• Low • Due to high economic growth as well as the high standard of living

Noted that a country could be well developed and yet have a noteworthy number of their population who are involuntarily living in streets, whereas a still developing country does not have any homeless individual.

- A country has high productivities and yet creating a lot of wastes and a lot of food with a lot of artificial added thus causing a lot of pollutions and physical diseases, whereas a developing country has a very unpolluted atmosphere and surrounding as well as its people eating organic and free of chemicals added foods.

OTHER RELATED ECONOMIC CONCEPTS

1. **Sustainable development: -** it refers to the development that meets the needs f the present without limiting the needs of future generations. For example, building a jetty and at the same time ensuring that the ecosystem for microorganisms and marine life is not destroyed.
2. **Investment** in **human capital**: - This is investment in relation to the size of the workforce as well as the knowledge, skills, talents and abilities possessed by its members. For example, training and education that has a direct link to labour productivity.

The relationship between investing in human capital and economic development

- Education /training /better health etc will improve the capabilities, realizing the potentials of human leading to productivity and growth.

3. **Infrastructure (social overhead capital):-** Investment in a whole range of capital stock that provides both economic and social services to the community necessary for private sector economic activity. *(OR refers to large state capital projects necessary for the efficient functioning of a modern economy.)* For example, are the building of the wharfs, airports, roads etc

How an inadequate infrastructure can hinder economic development?

- A lack of supporting infrastructure poses many problems for growth in LDC's. It restricts

labour mobility and limits entrepreneurial opportunities. By restricting the free flow of goods and services it hinders the development and expansion of resource and good markets.

4. **Zero population growth**: - the natural increase is the same on the net migration loss
5. **Foreign savings**: - is basically overseas savings, for example buying assets, industries etc.
6. **Minimum wages**: - it refers to the legal minimum wage which an employer can pay an employee
7. **Poverty**: - it refers to the state of being poor.

OBSTACLES TO ECONOMIC DEVELOPMENT

- Low saving and investment
- Lack of productive resources
- Low skills and knowledge
- Low income
- Political instability
- Political corruption

COSTS THAT ARE ASSOCIATED WITH ECONOMIC DEVELOPMENT

- Structural unemployment
- Lower present living standards
- Inflation
- Balance of payments difficulties
- Concentration of economic power
- Harmful externalities and social costs

POLICY THAT A GOVERNMENT WOULD USE TO ADDRESS THE OBSTACLES

- Decrease banks interest rates
- Improve technical training to increase productivity of labour
- Create environment for business expansion such as tax incentives etc

GOVERNMENT MEASURES TO PROMOTE DEVELOPMENT

- Transferring resources from producing consumer goods to the production of capital goods.
- More provisions towards education
- More provisions towards health
- Trainings on technical, skills and expertise
- Provide employments
- Facilitate the development of human capital
- Encourage the development of new export markets
- Promote better industrial relations
- Promote research and developments
- Safeguard the occupation, health and safety of the people.