Chapter 7- Economic Growth

* **Compound interest-** the payment of interest not only on the original deposit but on all previously accumulated interest
* **Average labor productivity-** output per employed worker
* **Human capital-** an amalgam of factors such as education, training, experience, intelligence, energy, work habits, trustworthiness, and initiative that affects the value of a worker’s marginal product
* **The Determinants of Average Labor Productivity-** human capital, physical capital, land and other natural resources, technology, entrepreneurship and management, and the political and legal environment
* **Diminishing returns to capital-** if the amount of labor and other inputs employed is held constant, then the greater the amount of capital already in use, the less an additional unit of capital adds to production
* **Entrepreneurs-** people who create new economic enterprises

$$\frac{Y}{Pop}= \frac{Y}{N}+ \frac{N}{Pop}$$

where *Y* is the real GDP, *N* is the number of people employed, and *Pop* is the total population

**Compound Interest**

$$N=P \left(1+r\right)^{t}$$

**Simple Interest**

$$N=(P+rt)$$