

economy such as the 1920s, 1960s and 1990s, pushed industries to produce more, actually growing the and improving the country's financial health.

“If innovation were only about McDonald's getting ahead of Burger King, we wouldn't really care,” said Amit Seru, a professor of finance at the Stanford University Graduate School of Business and co-author of the study, to the university. “But our study shows that something more important is happening. When firms innovate, they are expanding the pie, and we see increased aggregate growth.”

Researchers from Stanford, the Mass
Entrance Exam: July 26' 2017

General Culture: BC

Duration: 1hr

Technology and Economy

By Katie Moritz

Looking back at human history, technological advancements serve as mile markers for where we were as people: the invention of the wheel, the telephone, the dial-up modem. These developments changed the world and how we interact with it. But how do innovations from technology companies affect the economy?

A new study of more than a million patents issued over the past 100 years shows that not only do technological advancements have a impact on the economy, they actually expand it. Eras marked by technological innovation positive,achusetts Institute of Technology, Northwestern University and Indiana University looked at 1.8 million patents granted to publicly traded companies from 1926 to 2011. They measured how much a company's stock price was impacted by news that it had been issued a new patent.

They found that a new patent had a measurable impact on the stock price of a company a day or two after it was announced. They also found a correlation between the pace of a company getting new patents and how much that company grew and competed with other firms. The more game-changing patents they racked up, the bigger they grew and the better their edge was over others.

The top 10 most innovative companies grew between 1 and 3 percent faster in the following five years than companies that innovated at the average pace. The growth of companies that trailed behind their industry's average innovative pace slowed by as much as 2.5 percentage points, the research team found.

But how much does innovation actually grow the size of the economy? The researchers found by looking at the data that a boom in technologically innovative products actually correlated to a boost of the annual U.S. economic output by between 0.6 and 6.5 percentage points. Considering the U.S. economy's average growth since 1947 is less than 3.5 percent per year, that nudge can make a big difference.

As a conclusion if you're choosing where to invest your money, technology is a safe bet for growth. and if you have an idea for a product that would push the innovation boundaries, you could be sitting on something that could impact not just your own bottom line, but the entire country's economy.

Part 1: Comprehension questions (7.5pts)

Answer the following questions in two to four sentences. Use your own words

1. Based on paragraph one, explain how technological innovations have affected the people's life. (1.5pts).
2. How did the new companies react to innovations? Give examples. (1.5pts)
3. What is the effect of the innovations on the U.S economy? Explain. (1.5pts)
4. Explain the advice of the writer in the concluding paragraph in your own words. (1pt)
5. How did the writer achieve credibility? Support your answer with examples from the text. (1.5pts)
6. What pattern of organization did the writer use in paragraph 5 "they found...others"? Explain. (1pt)

Part 2: Vocabulary (2.5pts)

Explain the following expressions:

- a. Positive impact
- b. Eras
- c. Compete
- d. Racked up
- e. Invest

Part 3: Writing (10pts)

"Advance in technology doesn't only affect the personal economy it also affects the national economy". Based on this statement write an argumentative essay of 200 words about the advantages and disadvantages of technology on the economic growth of the country.

Your essay will be evaluated on: ideas and organization(score: 05), style (score: 04) and tidiness and legible handwriting (score: 01).