CH. 24

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* GDP :- gross domestic products.
  الإنتاج محلي الإجمالي

* Nominal GDP :- إنتاج المحلي الإجمالي (إسمي)

Nominal GDP = Price * Quantity.

* Real GDP :- الإنتاج المحلي الإجمالي الحقيقي

Real GDP = Quantity * Prices (base year). سنة الأساس

Real	Nominal
↓	↓
Prices are constant	Prices are variable

* Inflation: increasing in prices

* deflation :- decreasing in prices

* GDP per capita :- إنتاج محلي إجمالي للفرد

$$GDP \cdot per \cdot capita = \frac{GDP}{\# \ of \ Population}$$

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* The role of government: دور الحكومة تحقيق الاستقرار

☐1 to stabilize the GDP growth.

تحقيق الاستقرار في نمو الناتج المحلي الاجمالي

☐2 stabilizing in inflation.

الاستقرار في التضخم

☐3 to stabilize the unemployment rate, the government uses fiscal Policy Taxes.

لتحقيق استقرار معدل البطالة تستخدم الحكومة سياسات المالية الضرائب.

* government spending.

* saving, investment and choosing between present and future consumption.

* if present consumptions increase then future consumption decrease. Ceteris Paribus.

* investement :- resources devoted to increase future output.

الاستثمار

by Banks and financial institutions

* Uncertainty, Expectations and shocks.
        ↑ Effect investment   ↑ what happens is not what you expected

* Nominal GDP :- uses current prices.

* Real GDP :- Corrects for price changes.

* Recession :- ركود إقتصادي

* Modern economic growth :-

   • output per person rises.
   • Not experienced by all countries.

* Savings and Investment :-

   • Saving : Trade-off current for future consumption.

* Demand shocks and supply shocks :-

• Demand shocks and flexible prices
   • price falls if demand is low.
   • sales unchanged.

                          ┌── Maintain inventory
* Demand shocks ────┤──── Sales change
  and sticky prices   └── Business cycles

* Many prices are sticky in the short run.

* All prices are flexible in the long run.

* Inventory :-

• anticipated change in inventory
التغيير المتوقع في المخزون

• unanticipated change in inventory .
تغيير غير متوقع في المخزون .

* sticky Prices : (لما) , (ابنا) → short run
* Flexiple Prices :- مرنة // → long run

* Saving :- (Current consumption is less than current output)
(current spending is less than current) -

* اذا ادخر رأس المال saving لما هيا (Householder)

* Real GDP measures the value of all Final goods and
services Products in a country during a specific
Period of time
* Real GDP :- يعكس إجمالي القيم الحقيقية لكل السلع والخدمات الحقيقية
remain the same : GDP اذا كان رأس المال Flexible اذا الاسعار الغير ثابتة هذا
increase . sticky