CH. 30

تلخيص محموده

Aggregate demand and Aggregat supply.

$$AD = C + I + G + X_n$$

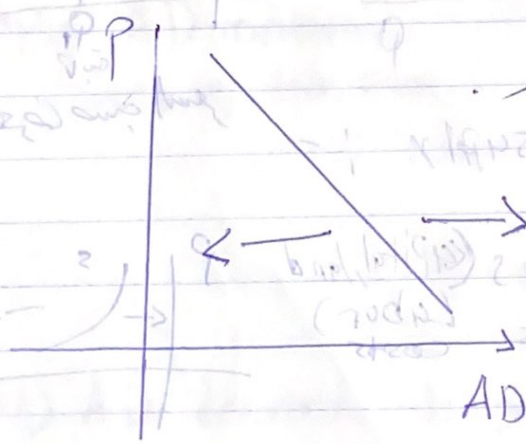
* what is the effect of prices on AD and why?

$\boxed{1}$
if P increase the purchasing power decreases and therfore consumption decreases يؤثر بشكل عكسي

$\boxed{2}$ Exports ; Net exports decreases, AD decrease

$X_n = X - M$; X decreases, M increases $\Rightarrow X < M$
X_n decreases

$\boxed{3}$ When Prices increase, interest rate increase and thus investment decreases.



يزداد العرض ويقل السعر.

Borrowing — كلها
consumer expectations
personal taxes
income
taxes
Consumer wealth.

consumer spending

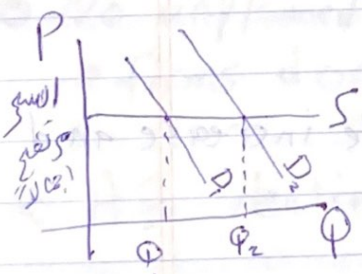
* G is constant, if G increase then AD increase
G decrease // // decrease

* investment spending معروفات الاعمال, :-
[1] interest rate معدل الفائدة
[2] expected return
[3] bussiness taxes
[4] degree of excess capacity
[5] technology

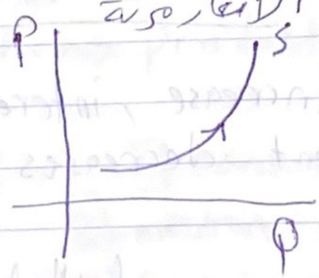
* Aggregate supply :- ٣ حالات

[1] immediate-run , [2] short-run , [3] long-run

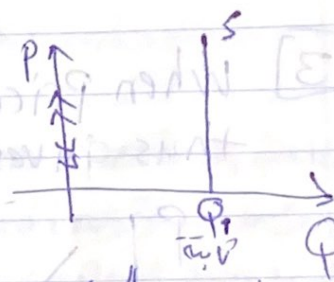
immediate-run ↓ العرض يكون حسب الطلب



short-run ↓ Labor is variable and capital is fixed
الانتاج مرنة



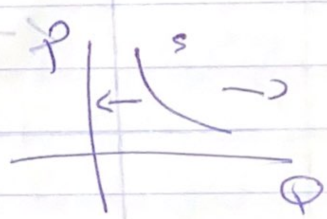
long-run ↓ Labor and capital are variable



العرض حسب السعر

* changes in aggregate supply :-

[1] domestic resources prices (capital, land, Labor) costs
agg-supply علاقة عكسية مع



[2] imported resource prices
علاقة عكسية

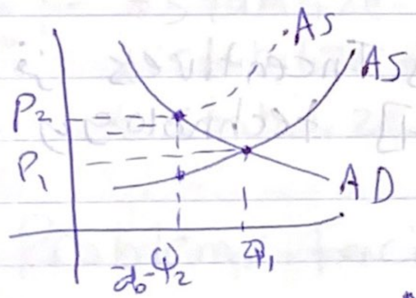
للمنتج AD, AS - تتزيد
للعمل - - - نقل

3] Productivity :- علاقة طردية

4] legal institutional environment :- taxes, subsidies
government relationship

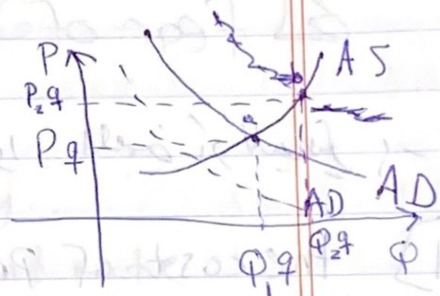
* Equilibrium in the AD - As model.

Q :- اذا زادت العرضية - :
على السلع :- له -



↑P
↓Q الاسعار زادت والكمية قلة

↑P :- AD movement along the curve



* زيادة العرضية :-

1) shift supply curve to the left

2) decrease Quantity from Q1 to Q2

3) Prices increases from P1 to P2

4) AD decrease along the curve from Q2 to Q1. (shift-left).

[1] [2] [3]

* menue costs , wage contracts , minimum wages

* issues prevents business from reducing prices !-

→ 4] moral , 5] efforts poductivity

6] fear of price wars.

← كل اللي بتعمل shift لل AS سواء لليمين أو لليسار :-

1] the cost of Production / 2] Incentives حوافز
3] the structure of the economi / 4] technology.

"CH. 31" تلخيص محمد طه

Fiscal policy, deficits and dept government.

* if deficit (عجز) increases then debt (دين) increases.

* fiscal policy consists of :-

1] Government expenditures G.
2] Taxes T.

to (هدف) :- * stabilize the Economy.
↓ * stabilize the unemployment rate.
FP * stabilize the inflation rate.

* Problems facing any economy :-

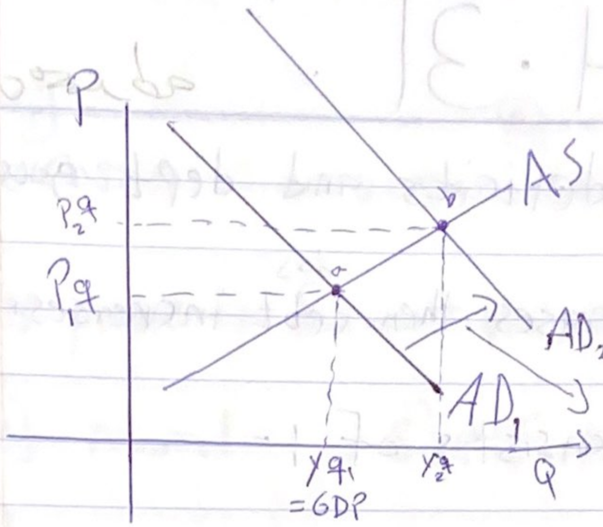
1] inflation, 2] unemloyment, 3] recession/depression.

* $GDP = C + I + G + X_n$

الحكومة لها السيطرة على G و T فقط و (C, I, X_n) لا تستطيع السيطرة عليها.

* if we have a recession, what government can do to stabilize the economy ?

increase in G or/and decrease in T.
GDP increases (Expansionary fiscal policy).



G↑

T↓

C + I + G↑ + Xn

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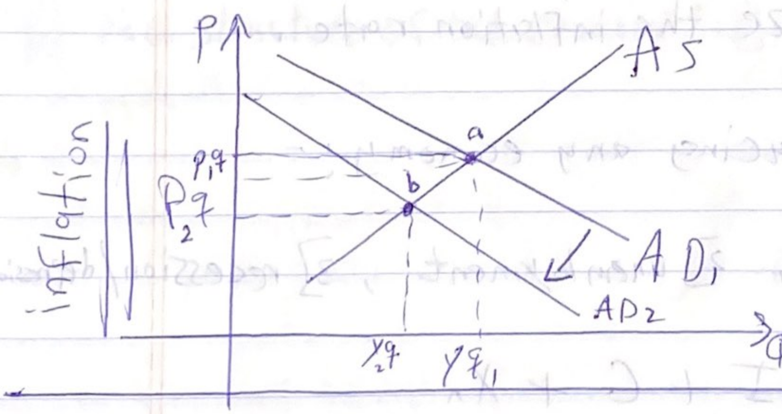
* Contractionary fiscal policy :-

G decreases , T increases .
at the end GDP declines ⟹ عند حدوث Inflation



G ↓ ⟷ GDP ↓
T ↑

contractionary fiscal policy

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* if G > T ; Budget deficit عجز في الميزانية
if G < T ; Budget ~~defici~~ surplus فائض
if G = T ; Budget balance توازن الميزانية

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* التوسعية :- G ↑ , T ↓ , GDP ↑ , output ↑ الناتج ↑ FP السياسة الحكومية
، resession وعمل لعلاج ال

unEmp ↓ , P ↑

تعالج جزئياً

1

* Built - in stability :-

الأولى الضرائب

وهكذا للشركات ٪20 , للموظفين ٪40

1] Progressive income taxes .

حسب الفئات

* if income increases then tax rate increases and vice verse . العكس صحيح

2] Proportion tax rate :

نسبة ضرائب ثابتة

3] regressive taxes : اذا الدخل تقل الضريبة بتزيد و اذا الدخل تزيد الضريبة تقل .

* Problems , criticisms and complications of imlementing fiscal policy :-

1] Problem of timing : delay for regnition of problem and administrative delay , operational problem , inefficient solution

اعتبارات سياسية

2] Political considerations :- تعني العوامل الناشئة فيما يتعلق بالتفاعل بين الأفراد والجهات المتعلقة التي تؤدي إلى ممارسة الإرادة .

Political Business cycle .

3] Future political reversals :- الانعكاسات السياسية في المستقبل .

4] offsetting state and local finance.
موازنة الدولة والتمويل المحلي

5] Crowding out effect : الحكومة تعمل مشروع تزاحم فيه القطاع الخاص

if G increases then private investment decreases.

* G increase < decrease in I ∴ GDP reduces

6] ~~current thinking on fiscal policy~~ :

monetary policy is more efficient.

* السياسة الانكماشية : G ↓ , T ↑ , GDP ↓ , AD ↓

UnEMP ↑ , ouput ↓

وهي لعلاج ال demand-Pull inflation

* increase in G = decrease in I

لا يوجد تأثير

CH. 32 تلخيص محمد طه

Money Banking and financial institutions.

* خصائص ال Money :-

1] Assets 2] Medium of exchange وسيلة تبادل

3] acceptable مقبولة 4] unit of account وحدة حساب

5] Store of value; but purchasing power declines due to inflation. تحافظ على قيمتها

* Bartering :- المقايضة ⇐ لم تعد موجودة بسبب :- double coincidence. / heaviness / time cost / Valuation.

* liquidity :- (كاش) سهولة تحويل السلعة إلى كاش

* The components of the money supply :-

1] M1 :- contains :- a] cash in circulation currency (coins + papers).

b] checkable deposits.

2] M2 :- contains :- a] M_1 / B] saving deposits c] time deposits، الودائع المربوطة مع الزمن

d] money market mutual funds. صناديق الاستثمار في سوق المال (قليل ما تتحول إلى كاش).

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* Value of money :-
  1] legal tender.
  2] acceptability.
  3] scarcity

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* Money and Prices :- if ~~money~~ prices increase then value of money decreases, purchasing power decreases

$$V = 1 / P$$:- where V is value of money and P is price.

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* main functions of the central bank :-

1] issuing money :- إصدار الأموال

2] supervising bank الإشراف على البنوك

3] setting reserve requirment and holding reserves

4] lending to financial institutions and serving as an emergency lender as the last resort.

* Discountrate :- interest paid by commercial banks to centeral Bank (DR).

* Federal fund rate :- is the interest paid by commercial banks to other commercial banks (FFR)

* $\boxed{DR > FFR}$ *

5] Providing for cheak collection.
توفير تحصيل الشيكات.

6] acting as a fiscal agent يعمل وكيلا ماليا

7] controlling for money supply. السيطرة على المعروض النقدي

* seigniorage :- الارباح التي يحققها البنك المركزي لما تطبع عملة.