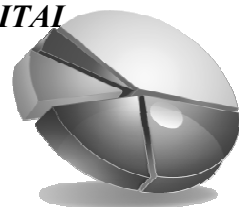


**CHAPTER LEARNING OBJECTIVES**

1. **STUDENTS WILL BE ABLE TO DEFINE AND EXPLAIN THE MEASUREMENT METHODS USED TO EVALUATE AND MONITOR THE ECONOMY**
2. **STUDENTS WILL BE ABLE TO DEFINE THE TYPES OF GDP AND EXPLAIN THE METHODS HOW IT IS CALCULATED ( INCOME AND EXPENDITURE APPROACHES ) - INCLUDING THE ABILITY TO DIFFERENTIATE BETWEEN FINAL , INTERMEDIATE , DURABLE , AND NON - DURABLE GOODS**
3. **STUDENTS WILL BE ABLE TO DEFINE AND EXPLAIN THE FACTORS THAT INFLUENCE ( AGGREGATE SUPPLY AND DEMAND ) , AND LIMIT GDP**
4. **STUDENTS WILL BE ABLE TO IDENTIFY , DEFINE , AND EXPLAIN THE MEASUREMENTS THAT COMPLEMENT GDP - NET NATIONAL PRODUCT , NATIONAL INCOME , PERSONAL INCOME , DISPOSABLE INCOME , AND DEPRECIATION**
5. **STUDENTS WILL BE ABLE TO IDENTIFY AND EXPLAIN THE FACTORS THAT PROMOTE ECONOMIC GROWTH > SAVINGS , CAPITAL DEEPENING , AND TECHNOLOGICAL ADVANCEMENT**
6. **STUDENTS WILL BE ABLE TO DEFINE AND EXPLAIN “ SOLOW’S METHOD ”**
7. **STUDENTS WILL BE ABLE TO IDENTIFY AND EXPLAIN THE FACTORS THAT PROMOTE TECHNOLOGICAL PROGRESS / ADVANCEMENT**



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**DR. HOLDEN’S VIDEO ON ADVANCED CONCEPTS RELATED TO THE “ CIRCULAR FLOW ” OF THE ECONOMY AND HOW IT RELATES TO GROSS DOMESTIC PRODUCT**

**THE FLOW OF MONEY**



**THE FLOW OF VARIABLES**

**IN THE REAL WORLD COMPLEX MODEL OF THE CIRCULAR FLOW , WHAT ARE THE THREE INJECTIONS INTO THE INCOME MODEL ABOVE ?**

- 1.
- 2.
- 3.

**IN THE REAL WORLD COMPLEX MODEL OF THE CIRCULAR FLOW , WHAT ARE THE THREE LEAKAGES FROM THE INCOME MODEL ABOVE ?**

- 1.
- 2.
- 3.

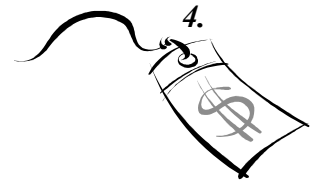
**ALL ABOUT GROSS DOMESTIC PRODUCT ( GDP ) :**

**WHAT IS THE “NATIONAL INCOME ACCOUNTING SYSTEM” ?**

**WHAT IS THE “GROSS DOMESTIC PRODUCT ( GDP )” ?**



**1. 2. 3. WHAT IS THE DEFINITION OF “DOLLAR VALUE” ?**



**WHAT ARE “FINAL GOODS” AND SOME EXAMPLES ?**



**WHAT ARE “INTERMEDIATE GOODS” AND SOME EXAMPLES ?**



**DO WE COUNT IN OUR GDP THE FINAL GOODS PRODUCED BY BMW WITHIN THE UNITED STATES ?**

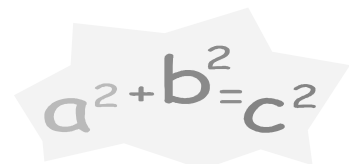


**WHAT ARE 2 WAYS TO CALCULATE GDP AND WHAT DO THEY INCLUDE ?**

**1. “EXPENDITURE APPROACH” -**

- 1.
- 2.
- 3.
- 4.

**2. “INCOME APPROACH” -**



1.

2.

→ **WHAT ARE “DURABLE GOODS” AND SOME EXAMPLES ?**



→ **WHAT ARE “NON-DURABLE GOODS” AND SOME EXAMPLES ?**



**WHAT ARE THE 2 TYPES OF GDP ?**

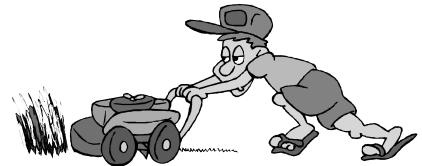
1. “ NOMINAL GDP ” -

2. “ REAL GDP ” -

**\* PUT CALCULATION  
EXAMPLE ON THE  
BACK OF THE LAST  
PAGE OF THE  
STUDY GUIDE**

**WHAT ARE THE 4 FACTORS THAT LIMIT GDP ?**

1.



2.

3.

4.



**ILLUSTRATING ECONOMIC CONDITIONS :**

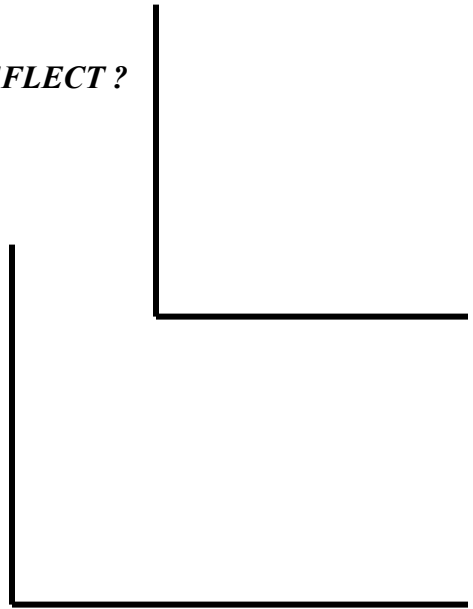
**WHAT ARE THE 2 FACTORS THAT INFLUENCE GDP ?**

1. “ AGGREGATE DEMAND ” -

2. “ AGGREGATE SUPPLY ” -

*WHAT DOES THE AGGREGATE DEMAND CURVE REFLECT ?  
LIKE A MARKET DEMAND CURVE .....*

*LIKE A MARKET DEMAND CURVE .....*



*THE 6 THINGS AND THEIR VARIABLES THAT CAN CAUSE A SHIFT IN  
AGGREGATE DEMAND :*

*1 AND 2 :*

- |    |    |
|----|----|
| 1. | 2. |
| 3. | 4. |
| 5. | 6. |
| 7. |    |

\*\*\*\*\*

*DR . HOLDEN VIDEO ON THE CONSUMPTION COMPONENT OF GDP*

*CONTRARY TO GENERAL BELIEF , WHAT DOES DR. HOLDEN SAY ABOUT  
WHAT HAPPENS TO CONSUMPTION WHEN INFLATION BECOMES A FACTOR ?*

\*\*\*\*\*

*3.*

- |    |    |    |
|----|----|----|
| 1. | 2. | 3. |
| 4. | 5. |    |

\*\*\*\*\*

*DR. HOLDEN VIDEO ON THE INVESTMENT COMPONENT OF GDP*

**WHEN TALKING ABOUT INVESTMENT AS IT RELATES TO GDP , HOW MUCH INVESTMENT IS USUALLY “ NET INVESTMENT ” AND WHAT DOES THE “ NET INVESTMENT ” MEAN ?**

**WHAT IS THE “ MARGINAL EFFICIENCY OF CAPITAL (MEC) ” -**

**WHO CAME UP WITH , AND WHAT IS , THE “ ACCELERATOR THEORY OF INVESTMENT ” -**

\*\*\*\*\*

4.

5.

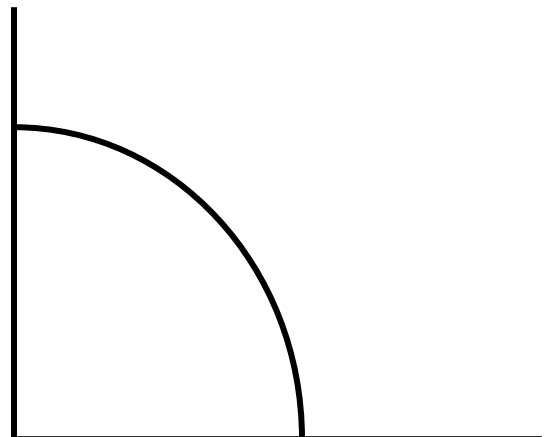
6.

**FOOD FOR THOUGHT EXAMPLE REGARDING AGGREGATE DEMAND**



**THE PRODUCTION POSSIBILITIES CURVE AND THE LONG RUN AGGREGATE SUPPLY CURVE**

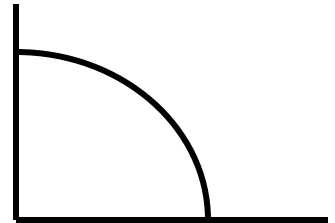
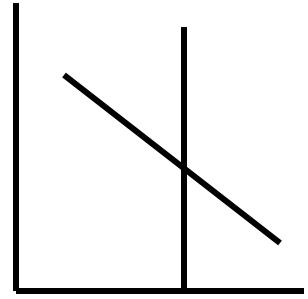
**THE PRODUCTION POSSIBILITIES CURVE .....**



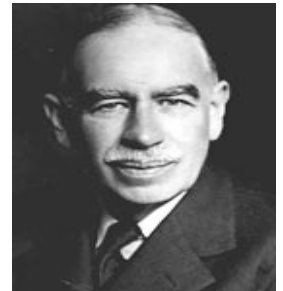
**THE 10 VARIABLES THAT SHIFT THE LRAS CURVE :**

- 1.
- 2.
- 3.
- 4.
- 5.

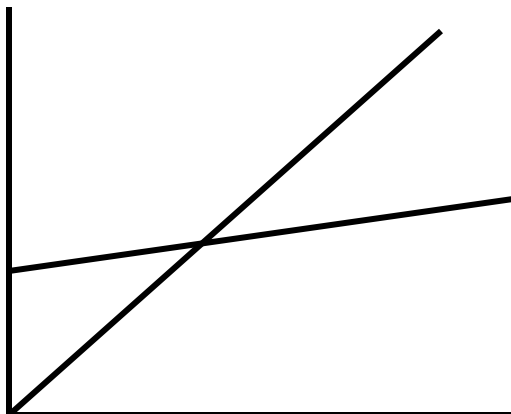
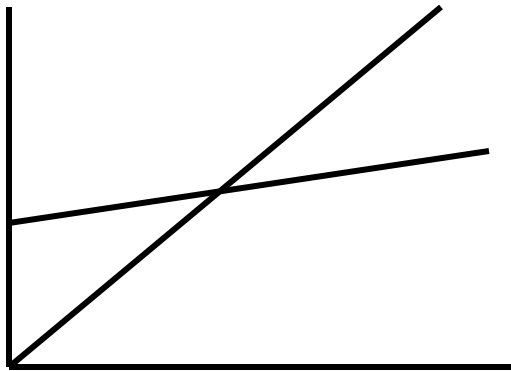
- 6.
- 7.
- 8.
- 9.
- 10.

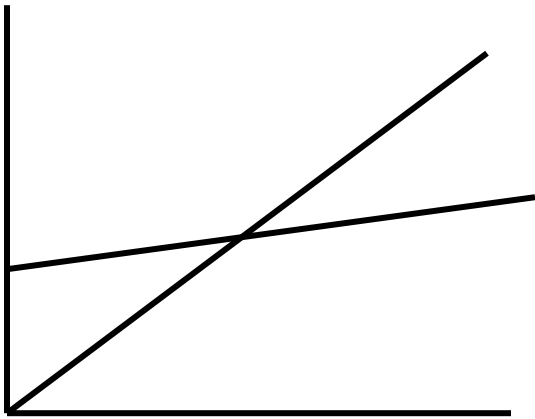


**WHAT DOES THE SHORT RUN AGGREGATE SUPPLY CURVE REFLECT ?**

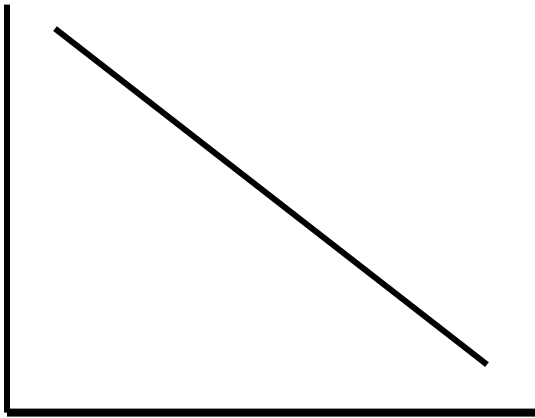


**ILLUSTRATIONS OF OVERALL ECONOMIC CONDITIONS STARTED WITH THE KEYNESIAN EXPENDITURE MODEL , SOMETIMES CALLED THE “ KEYNESIAN CROSS ”**

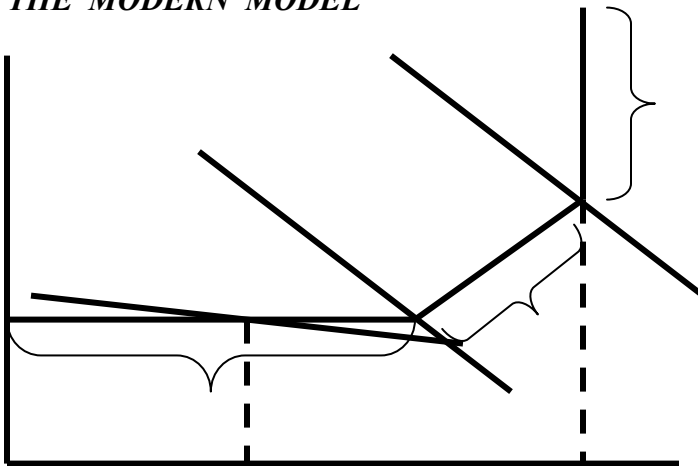




*INVESTMENT DEMAND*



*THE MODERN MODEL*



*WHAT ARE THE 6 MEASURES THAT COMPLEMENT GDP ?*

1. “ GROSS NATIONAL PRODUCT ” -

“ DEPRECIATION ” -



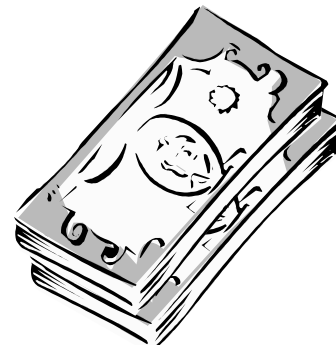
2. “ NET NATIONAL PRODUCT ” -

3. “ NATIONAL INCOME ” -

4. “ PERSONAL INCOME ” -

5. “ DISPOSABLE INCOME ” -

6. “ GDP PER CAPITA ” -



**WHAT ARE THE 6 FACTORS IN PROMOTING ECONOMIC GROWTH ?**

1. “ SAVINGS ” -



2. “ CAPITAL DEEPENING ” -



3.

4.

5.

6. “ TECHNOLOGICAL PROGRESS ” -



**WHAT IS “SOLOW’S METHOD” ?**

**WHAT ARE THE 4 THINGS THAT DRIVE TECHNOLOGICAL PROGRESS ?**

1.

2.

3.

4.