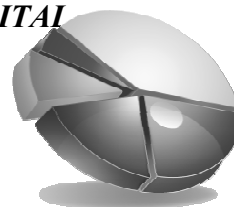


CHAPTER LEARNING OBJECTIVES

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**



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.

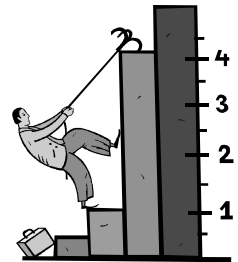
IN THE REAL WORLD COMPLEX MODEL OF THE CIRCULAR FLOW , WHAT ARE THE THREE LEAKAGES FROM THE INCOME MODEL ABOVE ?

- 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 ?

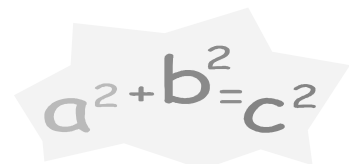


WHAT ARE 2 WAYS TO CALCULATE GDP AND WHAT DO THEY INCLUDE ?

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 ?

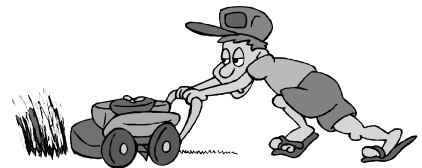
1. “NOMINAL GDP” -

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 :

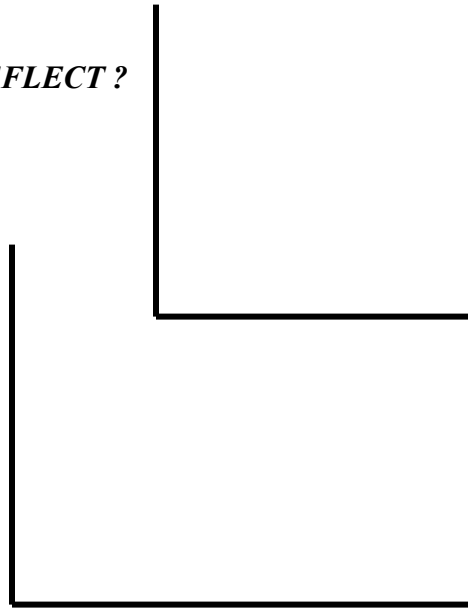
WHAT ARE THE 2 FACTORS THAT INFLUENCE GDP ?

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.

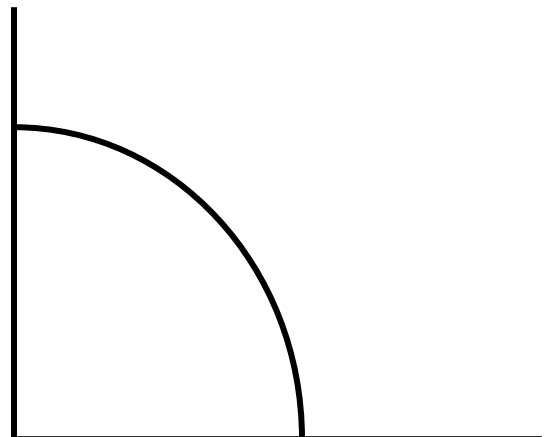
6.

FOOD FOR THOUGHT EXAMPLE REGARDING AGGREGATE DEMAND



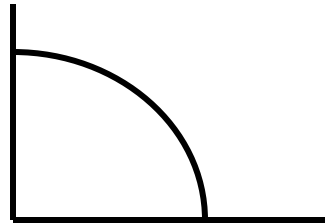
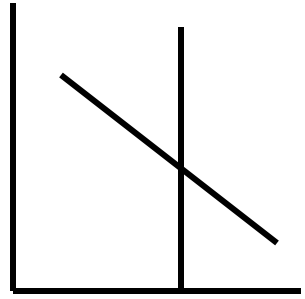
THE PRODUCTION POSSIBILITIES CURVE AND THE LONG RUN AGGREGATE SUPPLY CURVE

THE PRODUCTION POSSIBILITIES CURVE

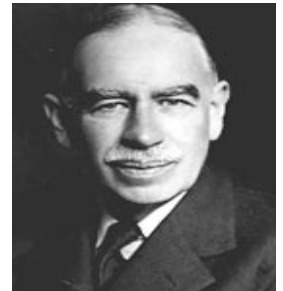


THE 10 VARIABLES THAT SHIFT THE LRAS CURVE :

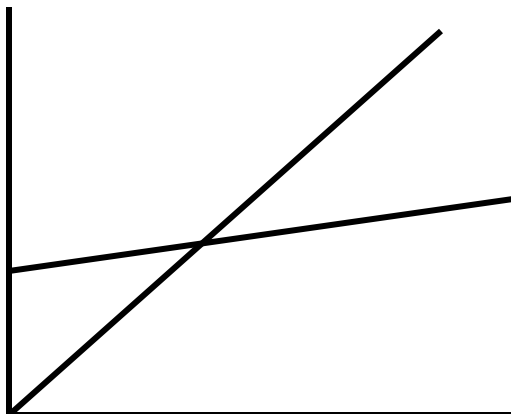
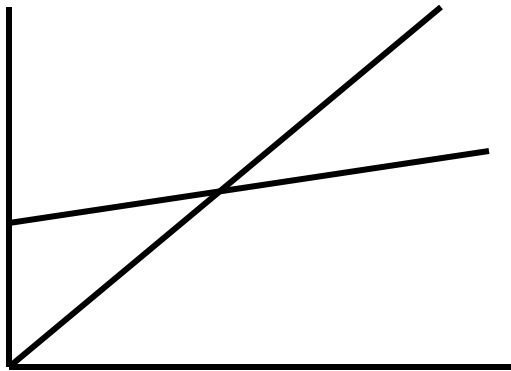
- | | |
|----|-----|
| 1. | 6. |
| 2. | 7. |
| 3. | 8. |
| 4. | 9. |
| 5. | 10. |

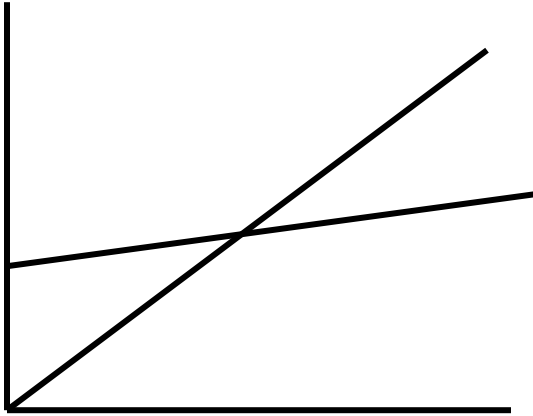


WHAT DOES THE SHORT RUN AGGREGATE SUPPLY CURVE REFLECT ?

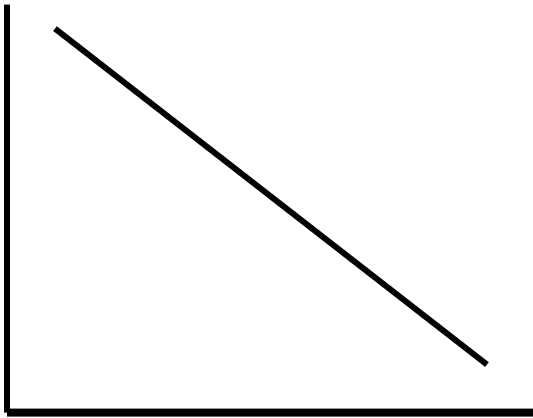


ILLUSTRATIONS OF OVERALL ECONOMIC CONDITIONS STARTED WITH THE KEYNESIAN EXPENDITURE MODEL , SOMETIMES CALLED THE “ KEYNESIAN CROSS ”

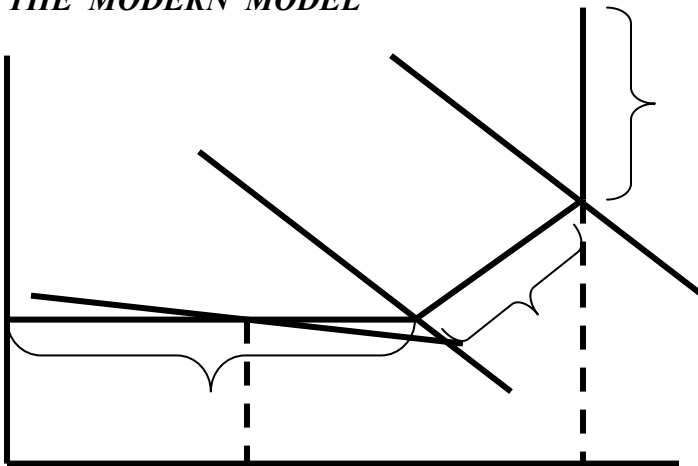




INVESTMENT DEMAND



THE MODERN MODEL



WHAT ARE THE 6 MEASURES THAT COMPLEMENT GDP ?

1. “ GROSS NATIONAL PRODUCT ” -

“ DEPRECIATION ” -



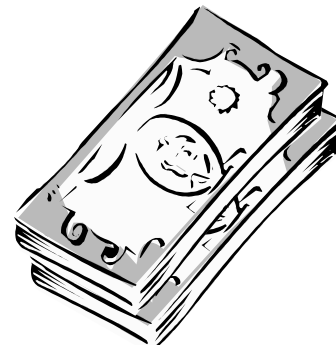
2. “ NET NATIONAL PRODUCT ” -

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.