

What i learned in this class

Business



What I have Learned Economic growth is the increase in the market value of goods and services that an economy produces over a period of time. The economic growth is measured using the real gross domestic product that is the value of goods and services in an economy (Landefeld et al. 2008).

Production is determined in terms of consumer and capital goods and is normally expressed in a production possibility frontier (ppf). Growth occurs when an economy employs new technology, allows specialization, new production methods, discovery of new raw materials and when it increases its labor force (Stevenson & Wolfers 2008). Inflation is the persistent increase in prices of goods and services, it decreases the purchasing power of currency. Inflation normally drags productivity as companies are forced to shift resources away from products and services to focus on losses and profits received from currency inflation (Ohanian 2010).

Monetary policy is the process the government through its monetary authority tries to control the supply of money and the rate of interest. Monetary decisions are affected by various factors such as long term interests, exchange rates, bonds and equities (Woodford 2010). IS curve is the investment-saving curve where total private investment equals total saving. The equilibrium between savings and investment is portrayed by each point on the curve. Stabilization policy are measures introduced to stabilize a financial or economy crisis (Romer 2000). They are discretionary policy which are business cycle stabilization and crisis. The great recession was observed in world markets at the end of first decade of 21st century. It was caused by widespread failures in financial regulations.

The labor market is where employees and workers interact with each other, labor demand is the firm's demand for labor and labor supply is worker's

supply of labor (Davis 2006). Unemployment applies when people are without work and are actively seeking work. Unemployment highly occurs when an economy is under recession (Elsby 2010). They are different types of unemployment such as structural, classical, cyclical and long-term unemployment. Taxation is the imposition of levies or financial charges on taxpayers in order to finance public expenditures. The tax is collected by a government agency, they are various kinds of taxes such as income, capital gains, value added tax and sales tax (Mankiw 2009). International trade is the exchange of goods, services and capital across international territories (exports and imports). It gives countries an opportunity to be exposed to new markets and products.

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