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Chapter 1 : NYU Stern - William Greene - Professor of Economics

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Higher interest rates tend to moderate economic growth. They increase the cost of borrowing, reduce disposable income and therefore limit the growth in consumer spending. Higher interest rates tend to reduce the rate of economic growth and inflationary pressures. Higher interest rates have various economic effects: Increases the cost of borrowing. With higher interest rates, interest payments on credit cards and loans are more expensive. Therefore this discourages people from borrowing and spending. People who already have loans will have less disposable income because they spend more on interest payments. Therefore other areas of consumption will fall. Increase in mortgage interest payments. Related to the first point is the fact that interest payments on variable mortgages will increase. This will have a significant impact on consumer spending. This is because a 0. This is a significant impact on personal discretionary income. Increased incentive to save rather than spend. Higher interest rates make it more attractive to save in a deposit account because of the interest gained. Higher interest rates increase the value of a currency due to hot money flows. Investors are more likely to save in British banks if UK rates are higher than other countries A stronger Pound makes UK exports less competitive â€” reducing exports and increasing imports. This has the effect of reducing aggregate demand in the economy. Rising interest rates affect both consumers and firms. Therefore the economy is likely to experience falls in consumption and investment. Government debt interest payments increase. Higher interest rates increase the cost of government interest payments. This could lead to higher taxes in the future. Interest rates affect consumer and business confidence. A rise in interest rates discourages investment; it makes firms and consumers less willing to take out risky investments and purchases. Therefore, higher interest rates will tend to reduce consumer spending and investment. This will lead to a fall in Aggregate Demand AD. If we get lower AD, then it will tend to cause: Lower economic growth even negative growth â€” recession Higher unemployment. If output falls, firms will produce fewer goods and therefore will demand fewer workers. Improvement in the current account. Higher rates will reduce spending on imports, and the lower inflation will help improve the competitiveness of exports. Evaluation of higher interest rates Higher interest rates affect people in different ways. The effect of higher interest rates does not affect each consumer equally. Those consumers with large mortgages often first time buyers in the 20s and 30s will be disproportionately affected by rising interest rates. For example, reducing inflation may require interest rates to rise to a level that causes real hardship to those with large mortgages. However, those with savings may actually be better off. This makes monetary policy less effective as a macro economic tool. The effect of rising interest rates can often take up to 18 months to have an effect. However, the higher interest rates may discourage starting a new project in the next year. It depends upon other variables in the economy. At times, a rise in interest rates may have less impact on reducing the growth of consumer spending. For example, if house prices continue to rise very quickly, people may feel that there is a real incentive to keep spending despite the increase in interest rates. It is worth bearing in mind that the real interest rate is most important. The real interest rate is nominal interest rates minus inflation. It depends whether increases in the interest rate are passed on to consumers. Banks may decide to reduce their profit margins and keep commercial rates unchanged. The concern is that after several years of zero interest rates â€” people have got used to low rates. US interest rates Increased interest rates had a significant impact on US housing market. Higher mortgage costs led to a rise in mortgage defaults â€” exacerbated by a high number of sub-prime mortgages in the housing bubble. In this case, higher interest rates were a significant factor in bursting the housing bubble and causing the subsequent credit crunch. The UK has experienced two major recessions, caused by a sharp rise in interest rates. In and 81, the UK went into recession, due to the high-interest rates and appreciation in Sterling. If the Central Bank is worried that inflation is likely to increase, then they may decide to increase interest rates to reduce demand and reduce the rate of economic growth. Usually, if the Central Bank increase base rates, it will lead to higher commercial rates too.

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Chapter 2 : Econometrics - Wikipedia

*Econometrics in the Service of Economic Interests: On the Validity of the Unctad Calculations of the Trade Effects of the Tokyo Round on Developing [Rolf H. Hasse] on calendrierdelascience.com *FREE* shipping on qualifying offers.*

Economics is the study of how societies, governments, businesses, households, and individuals allocate their scarce resources. Our discipline has two important features. First, we develop conceptual models of behavior to predict responses to changes in policy and market conditions. Second, we use rigorous statistical analysis to investigate these changes. Economists are well known for advising the president and congress on economic issues, formulating policies at the Federal Reserve Bank, and analyzing economic conditions for investment banks, brokerage houses, real estate companies, and other private sector businesses. They also contribute to the development of many other public policies including health care, welfare, and school reform and efforts to reduce inequality, pollution and crime. The study of economics can also provide valuable knowledge for making decisions in everyday life. It offers a tool with which to approach questions about the desirability of a particular financial investment opportunity, whether or not to attend college or graduate school, the benefits and costs of alternative careers, and the likely impacts of public policies including universal health care and a higher minimum wage. The complementary study of econometrics, the primary quantitative method used in the discipline, enables students to become critical consumers of statistically based arguments about numerous public and private issues rather than passive recipients unable to sift through the statistics. Such knowledge enables us to ask whether the evidence on the desirability of a particular policy, medical procedure, claims about the likely future path of the economy, or many other issues is really compelling or whether it simply sounds good but falls apart upon closer inspection. Alternative approaches to economics at UIC Our department structures its courses in order to serve students with diverse interests. Some students may only want to take one or two courses in order to learn the basics, while prospective majors might want to explore the field in much greater depth. Students interested in one or two economics courses Those planning to work in the health care sector may want to learn health economics, and we have a course that focuses on that field. Similarly, we have courses on law and economics, economics of education, and economic history for students in other departments or schools who would like to explore the economics perspective as a complement to their main field of study. These courses require only one semester of introductory microeconomics as a prerequisite and are well-suited for non-majors who seek to supplement their major with related courses of study or simply have interest in these areas. Students interested in minoring in economics Other students might want to minor in economics. Economics offers a good complement to finance majors and others in the CBA, as well as LAS students majoring in political science, sociology, mathematics, and other areas. Premeds and College of Engineering students also often find the minor both interesting and valuable. Prospective majors Of course economics majors can also take the courses described above as part of their plan of study. Majors gain a much deeper understanding of economic theory and have the opportunity to apply economics principles to a number of areas including finance, urban economics, labor economics, and international trade. We have a mix of mathematically intensive courses for those who enjoy the challenges of formal modeling and more applied courses that do not require calculus and focus on public policies and business. Students who major in economics graduate with skills that are highly valued in the job market.

Chapter 3 : Economics - Wikipedia

2. Econometrics in the service of economic interests: on the validity of the UNCTAD calculations of the trade effects of the Tokyo Round on developing countries.

Persons using assistive technology might not be able to fully access information in this file. For assistance, please send e-mail to: Type Accommodation and the title of the report in the subject line of e-mail. What is Economics, Really? Economics is the study of decisionsthe incentives that lead to them and the consequences that result from themas they relate to present and future production, distribution, and consumption of goods and services when resources are limited and have alternative uses 1. At CDC, economics is used to systematically identify, measure, value, and compare the costs and consequences of alternative prevention strategies. Costs and consequences in public health can be measured in various ways, including incidence or prevalence of disease; numbers of adverse events; utility measures, such as quality-adjusted life years; and monetary values. Because it deals with behavior, economics is not really about money at all. Money is just a convenient way to measure incentives and consequences. Contributions of Economics to CDC and Public Health Research Health economics has developed as a subdiscipline of economics and led to consideration of public health economics as its own field 2. Its developmental history is evident in milestone disciplinary publications A few applied contributions illustrate the breadth to which economics has been used at CDC and in public health; a more expansive review of applied economic evaluation in public health including methods and the ways economic studies have affected decisions is available elsewhere Policy Analysis Useful at various levels of decision-making responsibility, applied economic studies have been conducted to evaluate in-place policies and public health programs and practices. At the policy level, examples include the effects of tobacco excise taxes on cigarette consumption 13 and the effects of liquor taxes on rates of sexually transmitted diseases Both studies found that increases in taxes result in decreases in undesirable health outcomes. Cost-benefit and cost-effectiveness analyses of vaccines are explicitly considered by the Advisory Committee on Immunization Practices ACIP when it makes recommendations 15 , although ACIP has never rejected a vaccine on the basis of the results of an economic evaluation. ACIP makes recommendations on vaccines and immunization practices, but it influences both government and private policy decisions. Recommendations also are often followed by private health-care providers and affect third-party payers. The agenda was intended to guide research in key areas of injury prevention and control. Among the criteria for including a topic area among the NCIPC research priorities were economic and social cost measures of public health burden. As a result, cost-of-illness studies were conducted in injury topic areas. Such studies are important, necessary starting points for subsequent economic evaluations used to finalize intervention implementation priorities. Recent work at the National Center for Immunization and Respiratory Diseases proposed formerly the National Immunization Program illustrates program economic analysis that goes beyond cost analysis and economic evaluation. Economists there are studying the economics of vaccine supply to understand the costs of vaccine development, production, and pricing. Although manufacturers consider this information proprietary, it can be estimated and used by federal government negotiators to evaluate their negotiation strategies for vaccines purchased for the VFC program. Practical Impact Economic evaluation has proven influential at the public health practice level when alternative means exist of achieving a specific health goal. Different therapies, different populations, and different timing of interventions have been examined to determine the best use of resources. An analysis of drug therapy options for treating Chlamydia trachomatis infections in women indicated that a more costly, more effective drug than was in current use could be cost-saving when considered from a broad perspective Use of the drug resulted in a net cost, however, when the more limited perspective of the budget of a publicly funded clinic was considered. Results of the analysis were used to negotiate a lower price for the more effective drug so clinics could consider adopting it for treatment. Compilations of recommendations of clinical and community preventive services have used economic evaluations to varying degrees. Preventive Services Task Force 18 and the Task Force on Community Preventive Services 19 make evidence-based recommendations on the use of preventive services. Both include economic information in their recommendations, but neither incorporates it as a criterion on which to base recommendations. Preventive Services Task Force-recommended clinical preventive services based in part on cost effectiveness evidence Economics and Public Health Growing Together Although the application of economics to health and public health issues did not begin at CDC, its use at the agency no doubt has accelerated its development and maturity in the field. Economics was introduced to public health research because of a desire to make transparent and fair decisions on the basis of the best tools and data possible. Economic expertise was brought to CDC under short-term interagency personnel agreements, and economic studies were conducted through contracts. Interest increased throughout the s, and in the early s, economics began to be formally incorporated at CDC, beginning as an allied discipline with decision sciences under the rubric of prevention effectiveness. It continues in that role to this day, although one is more likely now to encounter the term "economics" than "prevention effectiveness" as more economists are embedded throughout CDC. A training course in prevention effectiveness methods was developed for the Epidemic Intelligence Service starting in and then for CDC staff. Thus far, these courses have attracted well over 2, attendees. Teutsch for his contributions welcomed its first class of five post-doctoral fellows in http: Since then, approximately 80 fellows have participated in the program, and nearly 50 have been employed throughout CDC. Fellows and alumni have published nearly peer-reviewed articles. Initially the analytic tools employed proved satisfactory; however, as more of the early basic questions have been answered, research problems and topics have grown more complicated. Economists at CDC participate in the development and adaptation of methods and measures to meet new challenges. The need for better tools for decision making recognized early on has not disappeared and may even have intensified. Public health policymakers and managers know they need to demonstrate the value of interventions when budgets are highly scrutinized and must be justified in detail. They also need to make decisions about resource use and understand that economics can help make more efficient use of resources. Recognizing the concept of opportunity cost, policymakers and managers also have come to understand that resources employed in one activity cannot be used in another. The integration of economics into public health research has provided decision makers with a valuable tool. Economics cannot provide the answer to all decisions because all aspects of a decision cannot be quantified. However, a systematic, transparent analysis can demonstrate value and help make decisions that improve efficiency in providing public health services. Public goods and externalities: J Public Health Manag Pract. Toward a definition of health economics. Public Health Rep ; Uncertainty and the welfare economics of medical care. American Economic Review ; On the concept of health capital and the demand for health. Journal of Political Economy ; Nuffield Provincial Hospitals Trust; Assessing prevention effectiveness using data to drive program decisions. A framework for assessing the effectiveness of disease and injury prevention. Cost-effectiveness in health and medicine. Oxford University Press; Methods for the economic evaluation of health care programmes. Lessons from cost-effectiveness research for United States public health policy. Annu Rev Public Health. Response by adults to increases in cigarette prices by sociodemographic characteristics. Southern Economic Journal ; Sex under the influence: Journal of Law and Economics ; Advisory Committee on Immunization Practices [Internet]. National Center for Injury Prevention and Control. CDC injury research agenda. The cost effectiveness of azithromycin for Chlamydia trachomatis infections in women. Sex Transm Dis ; Guide to clinical preventive services The guide to community preventive services. What works to promote health? Priorities among effective clinical preventive services: Am J Prev Med ; Use of trade names and commercial sources is for identification only and does not imply endorsement by the U. Department of Health and Human Services. CDC is not responsible for the content of pages found at these sites. This conversion may have resulted in character translation or format errors in the HTML version. 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Chapter 4 : United States Economy - GDP, Inflation, CPI and Interest Rate

Econometrics This is a unit in basic econometrics, emphasising the problems involved in the empirical measurement of economic relationships and the techniques used to solve these problems.

A look at the economic effects of a cut in the Central Bank base rate. Lower interest rates make it cheaper to borrow. This tends to encourage spending and investment. This leads to higher aggregate demand AD and economic growth. This increase in AD may also cause inflationary pressures. In theory, lower interest rates will: Reduce the incentive to save. Lower interest rates give a smaller return from saving. This lower incentive to save will encourage consumers to spend rather than hold onto money. Lower interest rates make the cost of borrowing cheaper. It will encourage consumers and firms to take out loans to finance greater spending and investment. Lower mortgage interest payments. A fall in interest rates will reduce the monthly cost of mortgage repayments. This will leave householders with more disposable income and should cause a rise in consumer spending. Lower interest rates make it more attractive to buy assets such as housing. This will cause a rise in house prices and therefore rise in wealth. Increased wealth will also encourage consumer spending as confidence will be higher. Therefore there will be less demand for the Pound Sterling causing a fall in its value. A fall in the exchange rate makes UK exports more competitive and imports more expensive. This also helps to increase aggregate demand. Evaluation of a cut in interest rates This shows the cut in interest rates in , was only partially successful in causing higher economic growth. This is because many other factors were affecting economic growth apart from interest rates. Evaluation points Will interest rate cut be passed on to consumers? If the Central Bank cut the base rate, banks may not pass this base rate cut onto consumers. Therefore, when interest rates were cut to 0. It depends on other factors in the economy. Ceteris paribus, a fall in interest rates should cause higher economic growth. However, there may be other factors that cause the economy to remain depressed. For example, if there is a global recession then export demand will be falling, and this may outweigh the small increase in consumer spending. Interest rates may be low, but banks may be unwilling to lend. If interest rates are cut, people may not always want to borrow more. If confidence is low, a cut in interest rates may not encourage more spending. After , we saw an increase in the savings ratio despite interest rate cut this was because confidence fell in the great recession. If we had deflation then even if interest rates are very low, then people may still prefer to save because the effective real interest rate is still quite high. A cut in interest rates can have up to 18 months to affect the economy. For example, you may have a two year fixed mortgage deal. Therefore, you are not affected by the lower interest rate until the end of your two-year fixed mortgage term. Impact on different groups in society A cut in interest rates will have a different impact on different groups within society. Lower interest rates are good news for borrowers, homeowners mortgage holders. This group may spend more. Lower interest rates are bad news for savers. For example, retired people may live on their savings. If interest rates fall, they have lower disposable income and so will probably spend less. If a country has a high proportion of savers then lower interest rates will actually reduce the income of many people. In the UK, we tend to be a nation of borrowers and have high levels of mortgage debt. Therefore cuts in interest rates have a bigger impact in the UK, than EU countries with a higher proportion of people who rent rather than buy. Impact on current account On the one hand, lower interest rates encourage consumer spending; therefore there will be a rise in spending on imports. This will cause a deterioration in the current account. However, lower interest rates should cause a depreciation in the exchange rate. This makes exports more competitive, and if demand is relatively elastic, the impact of a lower exchange rate should cause an improvement in the current account. Therefore, it is not certain how the current account will be affected.

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Chapter 5 : Effect of raising interest rates | Economics Help

Economics (/ É› k É™ Ëˆ n É’ m Éª k s, iË• k É™-/) is the social science that studies the production, distribution, and consumption of goods and services.. Economics focuses on the behaviour and interactions of economic agents and how economies work.

Markets Economists study trade, production and consumption decisions, such as those that occur in a traditional marketplace. In Virtual Markets , buyer and seller are not present and trade via intermediates and electronic information. Microeconomics examines how entities, forming a market structure , interact within a market to create a market system. These entities include private and public players with various classifications, typically operating under scarcity of tradable units and light government regulation. In theory, in a free market the aggregates sum of of quantity demanded by buyers and quantity supplied by sellers may reach economic equilibrium over time in reaction to price changes; in practice, various issues may prevent equilibrium, and any equilibrium reached may not necessarily be morally equitable. For example, if the supply of healthcare services is limited by external factors , the equilibrium price may be unaffordable for many who desire it but cannot pay for it. Various market structures exist. In perfectly competitive markets , no participants are large enough to have the market power to set the price of a homogeneous product. In other words, every participant is a "price taker" as no participant influences the price of a product. In the real world, markets often experience imperfect competition. Forms include monopoly in which there is only one seller of a good , duopoly in which there are only two sellers of a good , oligopoly in which there are few sellers of a good , monopolistic competition in which there are many sellers producing highly differentiated goods , monopsony in which there is only one buyer of a good , and oligopsony in which there are few buyers of a good. Unlike perfect competition, imperfect competition invariably means market power is unequally distributed. Firms under imperfect competition have the potential to be "price makers", which means that, by holding a disproportionately high share of market power, they can influence the prices of their products. Microeconomics studies individual markets by simplifying the economic system by assuming that activity in the market being analysed does not affect other markets. This method of analysis is known as partial-equilibrium analysis supply and demand. This method aggregates the sum of all activity in only one market. General-equilibrium theory studies various markets and their behaviour. It aggregates the sum of all activity across all markets. This method studies both changes in markets and their interactions leading towards equilibrium. Production theory basics , Opportunity cost , Economic efficiency , and Productionâ€"possibility frontier In microeconomics, production is the conversion of inputs into outputs. It is an economic process that uses inputs to create a commodity or a service for exchange or direct use. Production is a flow and thus a rate of output per period of time. Distinctions include such production alternatives as for consumption food, haircuts, etc. Opportunity cost is the economic cost of production: Choices must be made between desirable yet mutually exclusive actions. It has been described as expressing "the basic relationship between scarcity and choice ". Part of the cost of making pretzels is that neither the flour nor the morning are available any longer, for use in some other way. The opportunity cost of an activity is an element in ensuring that scarce resources are used efficiently, such that the cost is weighed against the value of that activity in deciding on more or less of it. Opportunity costs are not restricted to monetary or financial costs but could be measured by the real cost of output forgone , leisure , or anything else that provides the alternative benefit utility. Other inputs may include intermediate goods used in production of final goods, such as the steel in a new car. Economic efficiency measures how well a system generates desired output with a given set of inputs and available technology. Efficiency is improved if more output is generated without changing inputs, or in other words, the amount of "waste" is reduced. A widely accepted general standard is Pareto efficiency , which is reached when no further change can make someone better off without making someone else worse off. An example productionâ€"possibility frontier with illustrative points marked. The productionâ€"possibility frontier PPF is an expository figure for representing scarcity, cost, and efficiency. In the simplest case an economy can produce just two goods say "guns" and "butter". The PPF is a table or graph as at the right showing the different quantity combinations of the two goods producible with a given technology and total factor inputs, which limit feasible total output. Each point on the curve shows potential total output for the economy, which is the maximum feasible output of one good, given a feasible output quantity of the other good. Scarcity is represented in the figure by people being willing but unable in the aggregate to consume beyond the PPF such as at X and by the negative slope of the curve. This is because increasing output of one good requires transferring inputs to it from production of the other good, decreasing the latter. The slope of the curve at a point on it gives the trade-off between the two goods. It measures what an additional unit of one good costs in units forgone of the other good, an example of a real opportunity cost. Thus, if one more Gun costs units of butter, the opportunity cost of one Gun is Butter. Along the PPF, scarcity implies that choosing more of one good in the aggregate entails doing with less of the other good. Still, in a market economy , movement along the curve may indicate that the choice of the increased output is anticipated to be worth the cost to the agents. By construction, each point on the curve shows productive efficiency in maximizing output for given total inputs. A point inside the curve as at A , is feasible but represents production inefficiency wasteful use of inputs , in that output of one or both goods could increase by moving in a northeast direction to a point on the curve. Examples cited of such inefficiency include high unemployment during a business-cycle recession or economic organization of a country that discourages full use of resources. Being on the curve might still not fully satisfy allocative efficiency also called Pareto efficiency if it does not produce a mix of goods that consumers prefer over other points. Much applied economics in public policy is concerned with determining how the efficiency of an economy can be improved. Recognizing the reality of scarcity and then figuring out how to organize society for the most efficient use of resources has been described as the "essence of economics", where the subject "makes its unique contribution. Specialization is considered key to economic efficiency based on theoretical and empirical considerations. According to theory, this may give a comparative advantage in production of goods that make more intensive use of the relatively more abundant, thus relatively cheaper, input. Even if one region has an absolute advantage as to the ratio of its outputs to inputs in every type of output, it may still specialize in the output in which it has a comparative advantage and thereby gain from trading with a region that lacks any absolute advantage but has a comparative advantage in producing something else. It has been observed that a high volume of trade occurs among regions even with access to a similar technology and mix of factor inputs, including high-income countries. This has led to investigation of economies of scale and agglomeration to explain specialization in similar but differentiated product lines, to the overall benefit of respective trading parties or regions. Among each of these production systems, there may be a corresponding division of labour with different work groups specializing, or correspondingly different types of capital equipment and differentiated land uses. More total output and utility thereby results from specializing in production and trading than if each country produced its own high-tech and low-tech products. Theory and observation set out the conditions such that market prices of outputs and productive inputs select an allocation of factor inputs by comparative advantage, so that relatively low-cost inputs go to producing low-cost outputs. In the process, aggregate output may increase as a by-product or by design. A measure of gains from trade is the increased income levels that trade may facilitate. Supply and demand The supply and demand model describes how prices vary as a result of a balance between product availability and demand. The graph depicts an increase that is, right-shift in demand from D1 to D2 along with the consequent increase in price and quantity required to reach a new equilibrium point on the supply curve S. Prices and quantities have been described as the most directly observable attributes of goods produced and exchanged in a market economy. In microeconomics , it applies to price and output determination for a market with perfect competition , which includes the condition of no buyers or sellers large enough to have price-setting power. For a given market of a commodity , demand is the relation of the quantity that all buyers would be prepared to purchase at each unit price of the good. Demand is often represented by a table or a graph showing price and quantity demanded as in the figure. Demand theory describes individual consumers as rationally choosing the most preferred quantity of each good, given income, prices, tastes, etc. A term for this is "constrained utility maximization" with income and wealth as the constraints on demand. Here, utility refers to the hypothesized relation of each individual consumer for ranking different commodity bundles as more or less preferred. The law of demand states that, in general, price and quantity demanded in a given market are inversely related. That is, the higher the price of a product, the less of it people would be prepared to buy other things unchanged. As the price of a commodity falls, consumers move toward it from relatively more expensive goods the substitution effect. In addition, purchasing power from the price decline increases ability to buy the income effect. Other factors can change demand; for example an increase in income will shift the demand curve for a normal good outward relative to the origin, as in the figure. All determinants are predominantly taken as constant factors of demand and supply. Supply is the relation between the price of a good and the quantity available for sale at that price. It may be represented as a table or graph relating price and quantity supplied. Producers, for example business firms, are hypothesized to be profit maximizers, meaning that they attempt to produce and supply the amount of goods that will bring them the highest profit. Supply is typically represented as a function relating price and quantity, if other factors are unchanged. That is, the higher the price at which the good can be sold, the more of it producers will supply, as in the figure. The higher price makes it profitable to increase production. Just as on the demand side, the position of the supply can shift, say from a change in the price of a productive input or a technical improvement. The "Law of Supply" states that, in general, a rise in price leads to an expansion in supply and a fall in price leads to a contraction in supply. Here as well, the determinants of supply, such as price of substitutes, cost of production, technology applied and various factors inputs of production are all taken to be constant for a specific time period of evaluation of supply. Market equilibrium occurs where quantity supplied equals quantity demanded, the intersection of the supply and demand curves in the figure above. At a price below equilibrium, there is a shortage of quantity supplied compared to quantity demanded. This is posited to bid the price up. At a price above equilibrium, there is a surplus of quantity supplied compared to quantity demanded. This pushes the price down. The model of supply and demand predicts that for given supply and demand curves, price and quantity will stabilize at the price that makes quantity supplied equal to quantity demanded. Similarly, demand-and-supply theory predicts a new price-quantity combination from a shift in demand as to the figure , or in supply. For a given quantity of a consumer good, the point on the demand curve indicates the value, or marginal utility , to consumers for that unit. It measures what the consumer would be prepared to pay for that unit. The price in equilibrium is determined by supply and demand. In a perfectly competitive market , supply and demand equate marginal cost and marginal utility at equilibrium. Their usage rates can be changed easily, such as electrical power, raw-material inputs, and over-time and temp work. Other inputs are relatively fixed, such as plant and equipment and key personnel. In the long run , all inputs may be adjusted by management.

Chapter 6 : UK economic growth bounces back as services sector expands | Business | The Guardian

Economists study the production and distribution of resources, goods, and services by collecting and analyzing data, researching trends, and evaluating economic issues. Work Environment Although the majority of economists work independently in an office, many collaborate with other economists and statisticians.

United States Economy Overview Economic Overview of the United States Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the U. Moreover, according to the IMF, the U. Even though the services sector is the main engine of the economy, the U. However, large amounts of arable land, advanced farming technology and generous government subsidies make the U. The country has access to abundant natural resources and a sophisticated physical infrastructure. It also has a large, well-educated and productive workforce. Moreover, the physical and human capital is fully leveraged in a free-market and business-oriented environment. The government and the people of the United States both contribute to this unique economic environment. The government provides political stability, a functional legal system, and a regulatory structure that allow the economy to flourish. The general population, including a diversity of immigrants, brings a solid work ethic, as well as a sense of entrepreneurship and risk taking to the mix. Economic growth in the United States is constantly being driven forward by ongoing innovation, research and development as well as capital investment. A mix of factors, including low interest rates, widespread mortgage lending, excessive risk taking in the financial sector, high consumer indebtedness and lax government regulation, led to a major recession that began in The housing market and several major banks collapsed and the U. It also introduced a stimulus package worth USD billion to be spent across the following 10 years to boost the economy. The economy has been recovering slowly yet unevenly since the depths of the recession in The economy has received further support through expansionary monetary policies. While the labor market has recovered significantly and employment has returned to pre-crisis levels, there is still widespread debate regarding the health of the U. In addition, even though the worst effects of the recession are now fading, the economy still faces a variety of significant challenges going forward. Deteriorating infrastructure, wage stagnation, rising income inequality, elevated pension and medical costs, as well as large current account and government budget deficits, are all issues facing the US economy. This period was marked by a surge in economic activity and productivity, a growing and more prosperous middle class, and the rise of the baby boomer generation. From the late s to the early s, U. By the s, the structural change in the economy away from industry and manufacturing to services was in full force. However, after several decades of unprecedented growth, the economy began to show signs of slowing and a series of events, including the collapse of the Bretton Woods system, the oil crisis and increased global competition, precipitated important economic changes. The s gave rise to Reaganomics, a series of economic policies promoted by President Ronald Reagan. The main objectives were reduced government spending and regulation, as well as lower taxes and a tighter money supply. In a broader sense, Reaganomics marked a turn toward free-market supply-side economics and away from the Keynsian-inspired economics that had been favored since the Great Depression. Increasing global integration and the rise of new technology, including the adoption of productivity-enhancing IT in the workplace and the surge of high-tech companies, helped fuel an economic boom in the s. The period between and marked the longest sustained expansion in U. S economic history, and powered a steep rise in employment, income and consumer demand. Moreover, the strong growth and low unemployment during this time were particularly remarkable because the government budget was reigned in simultaneously and actually achieved a surplus for four years between and The fiscal improvement was made possible in part by tax increases introduced by President Bill Clinton, but also thanks to the booming economy and surging stock market. However, the overvaluation of dot-com stocks eventually became apparent and the bubble burst in The first years of the s saw a sharp drop in economy activity following the dot-com burst. The terrorist attacks on September 11, , and several corporate scandals put a further damper on economic activity and business confidence. The Federal Reserve the Fed , under Alan Greenspan, stepped in to counteract the struggling economy by introducing low interest rates. This move would later be considered a major factor in causing the massive housing market bubble that burst and precipitated the Great Recession that began in Overall, the current account deficit implies that the value of the goods and services being purchased from abroad by the United States exceeds the value of the goods and services being sold to foreigners. The deficit has since narrowed due in part to increased domestic oil production. The current account deficit is mirrored by a capital account surplus. The net amount of capital inflows received in the United States from abroad makes it possible to finance the current account deficit. Foreigners continue to invest in U. The main trading partners of the U. Canada is the main destination for U. The United States currently has more than a dozen free trade agreements in place. Exports from the United States Although the United States has lost some of its competitive edge in recent decades, material goods still represent two thirds of its total exports. The United States mainly exports high-value capital goods and manufactured products, including industrial machinery, airplanes, motor vehicles and chemicals. In , the U. This includes financial and professional business services as well as other knowledge-intensive services. Travel, transportation and tourism services are also a major export. Services represent about one third of total exports. Cellphones, pharmaceuticals, toys, household equipment, textiles, apparel, televisions, and footwear are the main types of consumer goods imported to the United States. On the fiscal side, government stimulus spending and tax cuts prevented further deterioration of the economy. On the monetary side, the Federal Reserve has tackled economic weakness with both traditional and unconventional policies. The United States is typically regarded as the home of free-market economic policies. Following the recession, the government stepped up its oversight in the financial sector. The Dodd-Frank act, passed in , represents the most comprehensive reform of financial markets regulation since the Great Depression. The only time when the government managed to balance a budget in recent history was between and , when the strong economy resulted in higher-than-usual tax revenues. The fiscal deficit reached the highest point since in at 9. The largest portion of government spending is mandated by existing laws, with a large amount of funds allocated to entitlement programs such as Social Security and Medicaid. The remainder is referred to as discretionary spending, and is determined by the annual federal budget. About half of the discretionary budget is spent on the military and defense, with the other half spent on government programs and public services. The stimulus package introduced by the Obama administration in included USD billion in tax cuts and incentives. Less than two years later, Obama announced an extension to the tax cuts that had been introduced during the Bush administration at a cost of more than USD billion over two years. The federal funds rate, the main interest rate managed by the Fed, is the rate which deposit banks charge each other to trade funds overnight in order to maintain reserve balance requirements. The federal funds rate is one of the most important in the U. During the years since the recession hit, the Fed has been very active.. Interest rates were initially supposed to be kept low only until the unemployment rate dropped to 6. However, this specific forward guidance was revamped in March when the Fed announced that any future decisions to hike interest rates no longer depended on previously-established quantitative thresholds, but rather on the assessment of a broad range of more qualitative information. This policy involves the purchase of vast sums of financial assets in an attempt to increase the money supply and hold down long-term interest rates. Almost two thirds of currency reserves held throughout the world are in U. Sample Report Get a sample report showing all the data and analysis covered in our Regional, Country and Commodities reports.

Chapter 7 : Economics and Public Health at CDC

Economic analysis shows that, although conflicts of interest are omnipresent when contracting is costly and parties are imperfectly informed, there are important factors that mitigate their impact and, strikingly, it is possible for customers of financial institutions to benefit from the existence of such conflicts.

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I declare that this Statement of Economic Interests (including any accompanying schedules and statements) has been exam- ined by me and to the best of my knowledge and belief is a true, correct and complete statement of my economic interests.

Chapter 9 : Why Study Economics

Economics was introduced to public health research because of a desire to make transparent and fair decisions on the basis of the best tools and data possible. Beginning in the late s, the Office of Program Planning and Evaluation was the agency's focus of economic evaluation and decision analysis.