



Keyword

سؤال

✓ جز
✓ test Bank
✓ old Exam

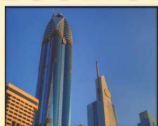
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Def. Essay

N. Gregory Mankiw & Mohamed H. Rashwan

Principles of Economics

Middle East Edition



Chapter 1 Ten Principles of Economics

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Ten principles of economics

How People Make Decisions

- 1: People Face Trade-offs
- 2: The Cost of Something Is What You Give Up to Get It
- 3: Rational People Think at the Margin
- 4: People Respond to Incentives

How People Interact

- 5: Trade Can Make Everyone Better Off
- 6: Markets Are Usually a Good Way to Organize Economic Activity
- 7: Governments Can Sometimes Improve Market Outcomes

How the Economy as a Whole Works

- 8: A Country's Standard of Living Depends on Its Ability to Produce Goods and Services
- 9: Prices Rise When the Government Prints Too Much Money
- 10: Society Faces a Short-Run Trade-off between Inflation and Unemployment

What Economics Is All About

✓ **Scarcity** نادرة - الموارد المحدودة

the **limited** nature of society's **resources**

■ **Economics** علم الاقتصاد

the study of how society manages its scarce resources, e.g.

- ✓ how **people** decide what to buy, how much to work, save, and spend
- ✓ how **firms** decide how much to produce, how many **workers** to hire
- ✓ how **society** decides how to divide its resources between national defense, consumer goods, protecting the environment, and other needs

Unlimited Needs & Wants

غير محدودة

limited Resources

محدودة
• Money
• Land
• Labour

VS

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3

4 sectors of economy (society)

قطاعات اقتصادية

Individual (HH) أفراد

Firms شركات

Government حكومة

Foreign خارجي

Are Inter-related
متداخلة

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4

4 factors of production FOP

عوامل الإنتاج

1 • Land الأرض → rent r Cost

2 • Labour العمال → wages w

3 • Capital المال → interest i

4 • Entrepreneur المستثمرين → profit π

Resources
↓
limited.

NEEDS & WANTS
ARE

UNLIMITED

غير محدودة

NOT
EVERYTHING
WE **NEED,**
WE CAN GET

FACTORS OF PRODUCTION

(Resources)

عوامل الإنتاج

Are

LIMITED

محدودة

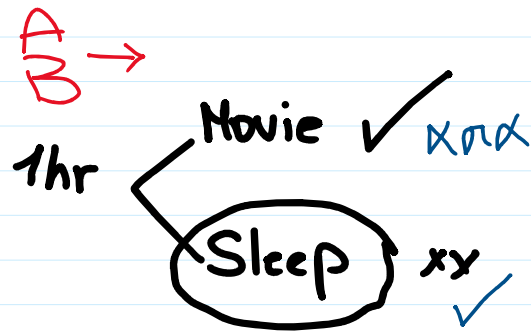
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9



PRINCIPLE #1:

People Face Tradeoffs تنازلات

All decisions involve tradeoffs. Examples:

- ✓ Going out with friends the night before your exam leaves less time for studying.
- ✓ Having more money to buy things requires working longer hours, which leaves less time for leisure.
- ✓ Protecting the environment requires resources that could otherwise be used to produce consumer goods.

- Society faces an important tradeoff:

EFFICIENCY VS. EQUALITY

- **Efficiency** كفاءة: when society gets the most from its scarce resources
- **Equality** مساواة: when prosperity is distributed uniformly among society's members
- **Tradeoff:** To achieve greater equality could redistribute income from wealthy to poor. But this reduces incentive to work and produce, shrinks the size of the economic "pie."

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10

- عشان احصل على شيء لازم اتنازل عن شيء
- اذا اخترت انام الحين بيقتني الكلاس

- الحكومة ما تقدر تساوي بين Efficiency و Equality
- لو زاد Efficiency قل Equality والعكس (علاقة عكسية)
- لو ركزت الحكومة على efficiency رح يصير في الدولة ناس غنية و ناس فقيرة وهذا شيء سيء للاقتصاد
- مو صح الدولة تركز على وحده منهم وتهمل الثانية، الصح انها تسعى للمساواة بينهم
- Redistribute اعاده توزيع يعني يأخذون فلوس الأغنياء و يعطونها للفقراء فا الأغنياء يقولون ليه نشتغل بوظائف صعبة فا يستقبلون وتقل efficiency
- قل الحافز للكفاءة

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11

PRINCIPLE #2: The Cost of Something Is What You Give Up to Get It

- Making decisions requires comparing the costs and benefits of alternative choices.

▪ The **opportunity cost** *تكلفة الفرصة البديلة* is whatever must be **given up** to obtain it.

It is the relevant cost for decision making.

تضحية
→ sacrifice

Examples:

The opportunity cost of...

- ✓ going to university for a year is not just the tuition, books, and fees, but also the foregone wages.
- ✓ seeing a movie is not just the price of the ticket, but the value of the time you spend in the theater.

12

give up
↙
opp. cost

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- أي شيء انتي مضطرة تتنازلين عنه عشان A هو يدخل في cost حققت A
- شيء A =
- مثال : ابي اروح السينما فال cost حق الموفي مو بس سعر التذكرة فقط , هي سعر التذكرة و الوقت و 100 ريال الي كان من الممكن احصل عليها لو اشتغلت
- مثال مشروح بالكتاب :خلصت الجامعة و افكر ادرس ماستر , قاعده افكر اتخذ قرار كبير فا لازم افكر بالكوست حق القرار وش تكلفت اني ادرس ماستر ؟
- بيكلفني فلوس الماستر و السكن الي بسكنه و المواصلات و الكتب و الاكل
- تحلل الاجوبه :
- الفلوس صح من التكلفة لان عشان ادرس ماستر لازم ادفع
- السكن لنفترض ان اصلا عندي شقه قبل لا ادخل ماستر مارح احسبه بالكوست لان أساسا من اول عندي لكن لو استاجرت بيت عشان الدراسه بيعتبر من التكاليف
- المواصلات اذا كان عندي سياره من اول ما يدخل بالكوست بس البانزين يدخل في الكوست
- الاكل ماينحسب لان كذا ولا كذا باكل
- الكتب اي يدخل بالكوست
- الأشياء الي المفروض نكتبها:
- الفرص الوظيفيه الي ممكن اخذها لو ماستر ماستر

- في economic تسمى opportunity cost
- لما اتخذ قرار المفروض ما اطالع السعر بس لا اشوف

13

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- You have one hour of free time before school each morning. You can spend this time either playing video games, working at Starbucks for \$8 per hour, or babysitting your little cousin for \$15 per hour. **What is the opportunity cost of playing video games for that hour before school?**

- تكلفه قرار اني لعب قبل الدوام
- بخسر 15 دولار ليه ما اخترت 8؟
- لان اعلى شيء كان ممكن اخسره في الساعة هو 15
- عشان ما اقدر اسوي الشغلين سوا فا اخذ اعلى شيء
- "المايكرو مليون أسئلة زي كذا"