

Basic Questions on Lecture 5 Investment

1. What is the economic definition of investment?
2. What is the difference between gross investment and net investment?
3. What is the difference between fixed investment and inventory investment?
4. Explain the difference between planned and actual investment.
5. How is investment decided within a company?
6. What are the main factors affecting the investment decision?
7. Define the MEC?
8. What is the relation between the MEC, the interest rate, and the level of investment in an economy?
9. What kind of risks affect the level of investment in an economy?
10. Why did Keynes say that the volatility of real GDP is due to the volatility of investment?