

Economic Statics

- * The functional relationship between variables changes little with the passage of time.
- * It assumes all variables to remain constant and focuses its attention on one point.
- * It studies the equilibrium at a particular point.
- * It is a state in which there is continuous, regular and constant movement without change.
- * It is thesis of dynamic analysis.
- * The economic dynamics is composed of the statics. We are in position to study dynamic only because it is comprised of the statics.

* Importance of Economic Statics.

i) Easy Economic Analysis.

ii) Statics more important than Dynamic Analysis.

iii) Helpful in investigation.

iv) To study comparative study.

Economic Dynamics

- * The relationship between variables belongs to different point of time.
- * It is the study of an economy where all variables are changing.
- * It is concerned with the process of change and the path whereby this change leads to a new equilibrium.
- * In dynamic analysis every quantity must be dated. (Hicks).
- * All these factors are variable. (Clark)
- * Dynamics is a process of continuous change.
- * In dynamic economic we study a large number of static position of an economy.
- * Importance of economic dynamics -
 - i) Traditional Economics.
 - ii) Realistic
 - iii) Study of stability of equilibrium.
 - iv) Keynes' general theory
 - v) Development of new techniques in economic Analysis.