

Macroeconomics

Questions (T/F, fill-in,etc) on GDP

Place all answers in the blank to the LEFT of the question number

T/F answers will NOT be credited without a full explanation of why any false answer is in fact false.

Dr. McGahagan

_____1. In macroeconomics, the behavior of all households and firms taken together is referred to as ___ behavior.

_____2. FRED is short for ___

_____3. The “recession” periods shown by the shaded areas in FRED graphs are defined by the _____.

_____4. The organization that defines those “recession” periods does not in fact call them “recessions”, but ___. (Explain the difference between the two terms).

_____5. Most business cycles are symmetrical, that is, booms and “recessions” are of about equal length.

_____6. The policy recommendation, popular in the 1960s, that the government could and should precisely regulate the level of inflation and unemployment is called -----

_____7. A situation of declining employment and high inflation, as in the early 1970s, is referred to as “deflation”.

_____8. The three deepest recessions in the US since 1950 were in progress in the years 1974, 1982, and 2008.

_____9. The highest inflation rates in the US since 1950 coincided with the recessions mentioned in the last question.

_____10. The difference between GDP and GNP is that GDP omits exports and imports from its accounting.

_____11. GDP is the total value of final sales of goods and services during a given year.

_____12. GDP is the total value of all final and intermediate goods produced during a given year.

_____13. GDP is the total value of all final goods and services produced by American owned factors of production during a given year.

_____14. GDP is greater than GNP in Ireland and Luxembourg, but GDP is less than GNP in India and Mexico.

___15. The difference between Gross Private Domestic Investment and Net Private Domestic Investment is that the value of imports is subtracted from Gross to get the Net.

___16. Gross Private Domestic Investment includes stock market transactions, while Net Private Domestic Investment does not.

___17. The National Income and Product Accounts (NIPA) are compiled by the Census Bureau.

___18. The two largest items in Government Spending in the NIPA are Medicare and Social Security.

___19. Federal Government spending is much larger than state and local government spending combined.

___20. Nominal GDP adjusts the value of GDP for inflation, and reports each year's GDP in 2005 dollars.

___21. To adjust for inflation, the Bureau of Economic Analysis used (until 1996) a fixed weight procedure in which the prices were fixed in a base year.

___22. The NIPA measure which best reflects average welfare is:

a. Nominal GDP	d. Real per capita NNP
b. Real GDP	e. Aggregate GNP
c. Nominal GNP	f. Nominal per capita GDP

___23. The Easterlin paradox is that the rich often report themselves as less happy than the poor in any given year, yet over time, increased GDP raises the average level of national happiness.

___24. Easterlin pointed to the importance of relative status to explain his paradox.

___25. Charles Jones and Peter Klenow developed a social utility function in which not only the level of consumption, but life expectancy, leisure and equality played an important role.

___26. In the Jones-Klenow model, GDP turned out to have little to do with overall welfare.

___27. Most economists think that Gross National Income (GNI) would be a better measure of welfare than GDP or GNP.

___28. In recent years, average per capita real GDP has risen more slowly than median per capita real disposable income.