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According to McConnell, Gross Domestic Product is a measureof the total marketplace worth of final goods and services produced in a certainyear.

The primary objective of the GDP’s calculation isto determine financial production, and assesses outflows about income, as it isstates in the article “ Chapter 5 National Income Accounting: MeasuringOutput,” 2007. The article debates fluctuations in Puerto Rico’s economy and theresolutions diverse writers have suggested. Also, it makes a contrast betweenthe Puerto Rican and USA GDP and the islands reliance. A breakdown of fiscal growthdiscloses that fiscal policies are crucial in the determination of solutions toeconomic welfare when referring to nominal and real GDP. Puerto Rico’s economyhas had numerous defeats since the 1970s, in disparity to rises in the 50s and 60s. The articles suggest that these downfalls were consequences of US dependencyand poor labor force input.

As of 2000, at 31 percent, Puerto Rico had the lowestemployment in the Americas and the Caribbean, as the article “ RestoringGrowth in Puerto Rico: The Economic and Policy Challenges”, claims. Additionally, both articles concludethat the substantial dependence on assistance programs lowered labor rates onthe country. The articles powerfully state that risingemployment is vital to reestablishing economic growth, and, if it is notaccomplished it, it will result in a decrease in GDP for many years. Botharticles compare GDP measurements on the island and in the US. In the UnitedStates, consumption (being two thirds of the GDP) is the key element, investment, government spending and the net exports (Soto-Class & Lamba-Nieves, 2006).

Theprocess dismisses investment or public sectors inventory variations (Universityof Phoenix, 2015). In the same way, Puerto Rico measures for GDP, but they usethe domestic investment factor in a different perception, which is mostlybecause fixed domestic investments and inventory fluctuations are provided byboth the private and public areas of the country’s economy. Moreover, LaBossiere’s article, “ Who Is Responsible for A Living Wage” states: “…eitheremployers can pay employees enough to live on or the taxpayers will need topick up the tab.

” The issue is, if Puerto Rican’s employers pay all theiremployees a living wage instead of the stablished minimum wage, this could leadto an even higher unemployment on the island. Since most small business wouldnot be able to assure many medium salaries; they will employ fewer workers. This fact could negatively impact the island’s overall economy. Similarly, Derek Thompson in his article, “ This is the American worker’s saga” says that thestuff people are making nationally is getting cheaper, but the stuff peopleneed is getting more expensive.

That’s why people in Puerto Rico feel sosqueezed. LaBossiere’s article reflects every aspect of what Thompsonemphasizes in that thought. He makes a clear point that the worker-classstruggles each day more and more to keep up with the essential necessities, butwork much more hours than in previous decades and, paradoxically, live indesperate poverty.

Low income families hardly can pay for the main necessities: shelter, food, and health care. The aim of raising employment engagement throughgovernment incentive and fiscal policy is achieved through public transfersfrom the USA. These allocations represent 25 percent of the people’s income. The federally supported Food Stamps Program was introduced in 1975. Soto-Class& Lamba-Nieves articles’ points out that the way this and other federalprograms were administered produced labor force involvement to falling-off.  One of the articles is about a singlemother with 2 children.

Absurdly, it states that if she has $0 income and besuitable for all transfers, she would earn more in entitlements than if she workedpart time less than twenty hours per week. Also, this mother would only make$37 per month, which is more than if she worked full time at the established minimumwage. This example proves the negative consequence that fiscal policy has hadby incentivizing Puerto Ricans to not work.” RestoringGrowth in Puerto Rico: The Economic and Policy Challenges” also states that the low employment percentage ofPuerto Rican males can be accredited to numerous aspects: exile of extremelyemployable applicants to the US for higher salaries, the lucrativeness of disabilitycoverage and NAP (Nutrition Assistance Program) transfers from the US federalgovernment. Furthermore, in the article, “ Chapter 5National Income Accounting: Measuring Output,” a contrast between nominal andreal GDP was not straightway debated; therefore, further revisions where requiredto develop a contrast.

According to a study made in 2014 by Soto-Rodriguez, theeconomic growth in Puerto Rico in the 80’s period had an average GDP of 0. 3%. TheGDP percentage is reliable with the verdicts of the Federal Reserve Bank of NewYork, which contemplate the 4. 8% average inflation percentage for that period. Consequently, by taking in account the inflation ratio, the percentage in query is the realGDP and not nominal.

The difference between one and the other is that the real GrossDomestic Product includes theinflation ratio to find growth and nominal does not take it into consideration. GDP Growth in the island has endured delayedsince recent years, 2006 according to the inferences of a study made byEnchautegi and Freeman (2006, 181.)  Theeconomic growth study displays that a diversity of reasons did contribute, which was that the GNP was raising much less quickly than the GDP and theemployment growth persisted shocking since the year in mention.             Inconclusion, all articles conclude that consumers will draw on upcoming credit tosupport the household income. The income-saving bond in Puerto Rico is moderatelylow because 25% of the residents obtain federal funds as particular salary, which does not allow savings.

Thefederal funds are the principal reason of the weak workforce input that isconducive to deprived savings relationships, which develops high interest ratesafter customers use credit to compensate the domestic earnings. The multipliereffect in Puerto Rico alludes to the increase in the final income which ascendsfrom the outlay of the independent consumption. Every dollar is spent as a tendency to consume. Hence, consumption will surpassincome for the bottom earning section of the labor force.