

# According is states in the article "chapter

[Business](#), [Accounting](#)



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

The primary objective of the GDP's calculation is to determine financial production, and assesses outflows about income, as it is stated in the article "Chapter 5 National Income Accounting: Measuring Output," 2007. The article debates fluctuations in Puerto Rico's economy and the resolutions diverse writers have suggested. Also, it makes a contrast between the Puerto Rican and USA GDP and the island's reliance. A breakdown of fiscal growth discloses that fiscal policies are crucial in the determination of solutions to economic welfare when referring to nominal and real GDP. Puerto Rico's economy has 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 dependency and poor labor force input.

As of 2000, at 31 percent, Puerto Rico had the lowest employment in the Americas and the Caribbean, as the article "Restoring Growth in Puerto Rico: The Economic and Policy Challenges", claims. Additionally, both articles conclude that the substantial dependence on assistance programs lowered labor rates on the country. The articles powerfully state that rising employment is vital to reestablishing economic growth, and, if it is not accomplished, it will result in a decrease in GDP for many years. Both articles compare GDP measurements on the island and in the US. In the United States, consumption (being two thirds of the GDP) is the key element, investment, government spending and the net exports (Soto-Class & Lamba-Nieves, 2006).

The process dismisses investment or public sectors inventory variations (University of Phoenix, 2015). In the same way, Puerto Rico measures for GDP, but they use the domestic investment factor in a different perception, which is mostly because fixed domestic investments and inventory fluctuations are provided by both the private and public areas of the country's economy. Moreover, La Bossiere's article, "Who Is Responsible for A Living Wage" states: "...either employers can pay employees enough to live on or the taxpayers will need to pick up the tab.

"The issue is, if Puerto Rican's employers pay all their employees a living wage instead of the established minimum wage, this could lead to an even higher unemployment on the island. Since most small business would not 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 the stuff people are making nationally is getting cheaper, but the stuff people need is getting more expensive.

That's why people in Puerto Rico feel so squeezed. La Bossiere's article reflects every aspect of what Thompson emphasizes in that thought. He makes a clear point that the worker-class struggles each day more and more to keep up with the essential necessities, but work much more hours than in previous decades and, paradoxically, live in desperate poverty.

Low income families hardly can pay for the main necessities: shelter, food, and health care. The aim of raising employment engagement through government incentive and fiscal policy is achieved through public

transfers from 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 federal programs were administered produced labor force involvement to falling-off. One of the articles is about a single mother with 2 children.

Absurdly, it states that if she has \$0 income and is suitable for all transfers, she would earn more in entitlements than if she worked part 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 minimum wage. This example proves the negative consequence that fiscal policy has had by incentivizing Puerto Ricans to not work." Restoring Growth in Puerto Rico: The Economic and Policy Challenges" also states that the low employment percentage of Puerto Rican males can be accredited to numerous aspects: exile of extremely employable applicants to the US for higher salaries, the lucrativeness of disability coverage and NAP (Nutrition Assistance Program) transfers from the US federal government. Furthermore, in the article, "Chapter 5 National Income Accounting: Measuring Output," a contrast between nominal and real GDP was not straightforwardly debated; therefore, further revisions were required to develop a contrast.

According to a study made in 2014 by Soto-Rodriguez, the economic growth in Puerto Rico in the 80's period had an average GDP of 0.3%. The GDP percentage is reliable with the verdicts of the Federal Reserve Bank of New York, which contemplates 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.