

# [Chap.4: measuring gdp ; economic growth — chap.5: monitoring jobs and inflation](https://assignbuster.com/chap4-measuring-gdp-economic-growth-chap5-monitoring-jobs-inflation/)

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During a year, a firm’s net investment is $4, 800 and depreciation is $1, 200. The firm’s gross investment is \_\_\_\_\_\_.$6, 000(net investment + depreciation = gross investment)Gross domestic product and gross investment are measured: BEFORE the depreciation of capitalNet domestic product and net investment are measured: AFTER the depreciation of capital. T or F: President Roosevelt’s “ New Deal” minimized the role of the government in economic life. FALSEGross domestic product can be measure in 2 ways: 1. By the total\_\_\_\_\_\_\_ or; 2. the total \_\_\_\_\_\_\_\_.

1. expenditure on goods and services2. income earned producing goods and servicesAggregate income earned is equal to the total amount paid for \_\_\_\_\_to produce final goods and services. the factors of production usedAggregate expenditure is equal to: C + I + G + (X-M)And because firms pay out as incomes everything they receive from the sale of their output, aggregate income equals aggregate expenditure. TRUEThe goods and services that we sell to people in other countries are: exportsThe goods and services that we buy from people in other countries are \_\_\_\_\_. importsThe value of exports of goods and services minus the value of imports of goods and services is called: net exportsIf this year’s price level exceeds last year’s, the inflation rate between these years has been positiveThe inflation rate is the annual percentage change in \_\_\_\_\_\_\_\_\_. the price levelThe CPI in 2006 was 201.

6. The CPI in 2007 was 207. 3.

The inflation rate in 2007 was \_\_\_\_percent.

2. 8Discourage workers \_\_\_\_\_\_\_ counted as officially unemployed because they \_\_\_\_\_\_\_\_\_\_\_. are not; are not actively seeking work. The income approach to measuring GDP sums togethercompensation of employees, net operating surplus, indirect taxes less subsidies, and depreciationThe largest component of the income approach is: compensation of employeesSuppose the Consumer Price Index is 143.

6. What does that number mean?

Prices rose 43. 6 percent over the reference base period, on average. Suppose the CPI last year is 121 and the CPI this year is 137. The correct method to calculate the inflation rate is:[(137-121)/121} x 100 = 13.

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The unemployment that arises from normal labor turnover is \_\_\_\_\_\_\_\_\_\_\_frictional unemploymentA worker who is laid off because of the recent recession is \_\_\_\_\_\_\_\_\_\_\_cyclically unemployedThe unemployment rate is NEVER at zero, even at full employment, because1. there are always workers entering the labor market to search for work. 2. there are always firms laying off workers, and these workers search for another job. 3. there are always workers leaving one job to search for another job. The natural unemployment rate\_\_\_\_\_\_fluctuates because the frictions and the amount of structural change fluctuate.

The firm that printed you textbook bough paper from XYZ Paper Mills. This purchase of paper \_\_\_\_\_ part of GDP because the paper is\_\_\_\_\_\_\_\_ good. The value of paper is counted in GDP as\_\_\_\_\_\_\_\_\_is NOT; an intermediate part of the value of the textbookSecret service protection for the President is an example of: government expenditureAn economy is at full employment whenthe unemployment rate equals the natural unemployment rate\_\_\_\_\_\_ good is an item that is bought by its final user during a specified time period.

A final\_\_\_\_\_\_\_good is an item that is produced by one firm, bought by another firm, and used as a component of a final good or service. An intermediateWe\_\_\_\_\_\_the value of intermediate goods and services produced to the value of final goods and services to measure GDP. do not addGross domestic product is\_\_\_\_\_\_\_\_the market value of all the final goods and services produced within a country in a given time periodA bakery uses flour to produce bread. When calculating GDP, we include \_\_\_\_\_\_, because when we add the value of the flour to the value of the loaf of bread to calculate GDP, the result is \_\_\_\_\_\_\_. only the value of the bread sold in a store; double counting