

Measuring Economic Performance

ECON 3133

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Problems

1. The following are data from the U.S. economy in billions of dollars

Rental income	24.1
Depreciation	669.1
Employee compensation	3,780.4
Consumption	4,378.2
Sales and excise taxes	525.3
Business transfer payments	28.7
Statistical discrepancy	2.3
Gross investment	882.0
Exports	659.1
Net subsidies of government businesses	9.0
Government spending	1,148.4
Imports	724.3
Net interest	399.5
Proprietor's income	442.6
Corporate profits	485.8
Net factor payments	5.7

- a. Compute GDP using the spending approach.
 - b. Compute net domestic product.
 - c. Compute national income two ways.
2. Fill in the blanks.
- a. If investment is \$1,100 billion, private savings is \$1,050 billion, and capital inflow from abroad is \$100 billion, then the government budget deficit is _____ billion.
 - b. If the stock of inventories in the economy is \$1,000 billion at the end of 2004 and \$1,050 billion at the end of 2005, then inventory investment for 2005 is _____ billion.
 - c. If production by Americans and American capital abroad is \$80 billion and GNP is \$7,000 billion, then GDP is _____ billion.
3. The consumer price index for the 1978-82 period and the GDP deflator are listed below. This was a period of unusually high, but declining, inflation. Calculate the rate of inflation according to both measures from 1979 through 1982. What might explain the differences between the two?

	CPI	GDP Deflator
1978	65.2	60.3
1979	72.6	65.5
1980	82.4	71.7
1981	90.9	78.9
1982	96.5	83.8