Topic 6. MEASURING AGGREGATE PRODUCTION AND INCOME

6.1 Basic macroeconomic concepts
6.2 Qualitative analysis of basic indicators
6.3 Fluctuations and economic cycles

BASIC CONCEPTS

GDP (at market prices)
GDP (at factors prices)
GNP and NNP
Spending components: consumption, private inversion, public spending and net exportations
Gross fixed capital formation and Inversion in stock
National Income
Value added
Personal Income and Disposable Income
From the domestic product to the national product
Assess at market prices vs. assess at factors prices.
Nominal and real GDP
GDP deflator
CPI
Inflation rate
Per-capita real GDP and per-capita National Income
GDP increasing rate
Economic cycles
Expansion and contraction
Peak and valley
Crisis and depression

MULTIPLE-CHOICE QUESTIONS

1. Point our which of the followings is not good for assess the GDP:
   a. To add up the economic agents' spending.
   b. To add up the value of final goods and services produced in a given period.
   c. To add up the value of all produced goods and services.
   d. To add up each producer's value added.

2. Which of the followings is included in the GDP?
   a. Contributions to Social Security.
   b. Non-contributory pensions
   c. Households spending in consumption.
   d. All the answers are right.

3. To get the Disposable Income from the National Income you must add up:
   a. Firms' profits.
   b. Fixed capital consumption.
   c. Indirect taxes.
   d. Transfers to households

4. The wage of a Spanish student working in Paris should be included in
   a. The Spanish GDP.
   b. The Spanish GNP, but not in the Spanish GDP.
   c. Both, the Spanish GDP and the Spanish GNP.
   d. Neither the Spanish GDP nor the Spanish GNP.

5. The value added of a producer is the value of its sales minus:
   a. The indirect taxes.
   b. The spending on inversion.
   c. The depreciation.
   d. The value of the purchase of inputs.

6. The difference between the nominal GDP and the real GDP is that:
   a. The former shows the plan of production and the second the real level of production.
   b. The former is assessed at current prices when the second is assessed at constant prices.
   c. The former includes indirect taxes and the second includes subventions.
   d. The former includes only the value of produced goods when the second includes also the value of final services.

7. Which of the followings is right?
   a. GNP = GDP + nfe - ffe
   b. GNP = GDP - Ti + Sb
   c. GNP = GDP - nfe + ffe
   d. GNP = GDP + Ti – Sb

8. A grant (scholarship) is:
   a. A wage for study
   b. A remittance.
   c. A transference
   d. An inversion in human capital.

9. GDP (as aggregate spending) includes:
   a. Consumption, Taxes, Public spending and Exportations.
   b. Consumption, Inversion, Public spending and Net exportations.
   c. Wages, Taxes, Public spending and Exportations.
   d. Consumption, Direct taxes, Profits and Net Exportations.

10. Which of the followings is included in the GDP at market prices but not at factor prices?
   a. Direct taxes
   b. Depreciation
   c. Indirect taxes
   d. All answers are right

SOLUTIONS TO MULTIPLE-CHOICE QUESTIONS

01. c

02. c

03. d

04. b

05. d

06. b

07. a

08. c

09. b

10. c