Graduate Macroeconomics – Assignment #1

Posted: Wednesday, October 7, 2020
Due in class: Thursday, October 15, 2020

Part I.   **NATIONAL ACCOUNTS** (GDP, GDP DEFLATOR & CPI)

For part II, assume the following:
1. The New School is an autonomous country.
2. The only good/service produced at The New School is undergrad (freshmen) education.

1. The only good/service produced at New School is undergrad (freshmen) education. Fill in the following:

year	# of New School freshmen	Price (Tuition)	Nominal GDP	Real GDP (1950 $)	Real GDP (2015$)
1950	300	2,000			
2015	900	20,000			
2016	1,000	21,000			
2017	1,100	23,000			
2018	1,000	25,000			
2019	1,200	28,000			

2. Find the growth rate of nominal GDP for 2017, 2018 and 2019.

3. Find the growth rate of real GDP (using 2015 $) for 2017, 2018 and 2019.

4. Find the growth rate of real GDP (using 1950 $) for 2017, 2018 and 2019.

5. Why are your answers in 2, 3 and 4 different/same?

6. Compute inflation using GDP deflator (in 2015$) for 2017, 2018, 2019.

7. Beside GDP deflator what other price indices are used in measuring inflation? What do these indicators measure?

8. Which one is the best? Why?

Part III.   UNEMPLOYMENT

In June 2009, at the trough of the Great Recession, the Bureau of Labor Statistics announced that of all adult Americans, 140,196,000 were employed, 14,729,000 were unemployed, and 80,729,000 were not in the labor force. Use this information to calculate:

a. the adult population

b. the labor force

c. the labor-force participation rate

d. the unemployment rate