

Macro Basics: Problems

1. Which subfields within macroeconomic are the following questions most closely related?
 - a. How should the Central Bank of Singapore respond to reduced GDP in the United States?
 - b. Are lower interest rates within the United States a cause or effect of increased unemployment in the United States since 2007?
 - c. Why do countries with democratic governments exhibit persistently higher levels of per capita GDP than countries with totalitarian governments?
 - d. How do large declines in stock prices affect unemployment?
2. Provide an example of a policy that you expect might increase GDP but also reduce welfare.
3. Which is generally preferable? A policy that increases GDP by 1% or GDP growth by 1%.
4. If GDP growth is 2% and GDP is initially \$1, what will GDP equal in 50 years?
5. True or False? If a policy is passed to reduce unemployment, then the best way to evaluate the success of such a policy is to compare the unemployment rate before and after the policy is enacted.