

# Assignment | Unit 4

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## National Income Determination

1. Your Assignment should have a cover sheet with the following information:

- Your Name
- Course Number
- Section Number
- Date

2. You may submit your Assignment using the [Unit 4 Assignment template](#).

3. Your answers should follow APA formatting by being in double spaced paragraph format, with citations to your sources and, at the bottom of your last page, a list of references. Your answers should also be in Standard English with correct spelling, punctuation, grammar, and style.

4. Respond to the questions in a thorough manner, providing specific examples of concepts, topics, definitions, and other elements asked for in the questions. Your paper should be highly organized, logical, and focused.

5. Required Format:

- Correct APA formatting for answers (cover sheet with name, course number, section number, unit number, date, answers double spaced, in Times New Roman 12-point font). Review the APA formats found in the Writing Center.
- Correct citations within answers
- Standard English with no spelling or punctuation errors
- Correct references at the bottom of the last page

## Assignment

You are a trainee for a new position as an economics specialist. Elaborate on the following topics based on your new position, and compile answers that address the GDP as the main macroeconomic indicator in national income determination. View the [Chapter 10: "Iraq"](#) video.

1) U.S. real GDP is substantially higher today than it was 60 years ago. What does this tell us, and what does it not tell us, about the well-being of U.S. residents? What are the limitations of the GDP as a measure of economic well-being? Given the limitations, why is GDP usually regarded as the best single measure of a society's economic well-being?

2) What is an intermediate good? How does an intermediate good differ from a final good? Explain why it is the case that the value of intermediate goods produced and sold during the year is not included directly as part of GDP, but the value of intermediate goods produced and not sold is included directly as part of GDP.

3) GDP is defined as the market value of all final goods and services produced within a country in a given period of time. In spite of this definition, some production is left out of GDP. Explain why some final goods and services are not included.

4) The table below contains data for country A for the year 2010.

Household purchases of durable goods	\$1293
Household purchases of nondurable goods	\$1717
Household purchases of services	\$301
Household purchases of new housing	\$704
Purchases of capital equipment	\$310
Inventory changes	\$374
Purchases of new structures	\$611
Depreciation	\$117
Salaries of government workers	\$1422
Government expenditures on public works	\$553
Transfer payments	\$777
Foreign purchases of domestically produced goods	\$88
Domestic purchases of foreign goods	\$120

**Refer to the Table above to answer the following questions.**

- a. What was country A's GDP in 2010?
- b. What was country A's consumption in 2010?
- c. What was country A's investment in 2010?
- d. What were country A's government purchases in 2010?
- e. What were country A's exports and imports in 2010? What was the net export in 2010?

This Assignment is related to Chapter 10, which discusses how a nation's income is measured using Gross Domestic Product (GDP). In doing so, it highlights the various components of the GDP, the difference between nominal and real GDP, and the limitations of the GDP as a measure of national income.

**Directions for Submitting Your Assignment**

Before you submit your Assignment, you should save your work on your computer in a location and with a name that you will remember. Make sure your Assignment is in the appropriate format (Microsoft Word), then, when you are ready, you may submit to the Dropbox.

<b>Unit 4 Assignment: National Income Determination</b>		
<b>Content and Analysis</b>	<b>Points Possible</b>	<b>Points Earned</b>
<b>Problem #1</b> Explained the changes in real GDP and its limitations.	4	
<b>Problem #2</b> Correctly explained intermediate goods in GDP.	2	
<b>Problem #3</b> Correctly identified the limitations of the GDP.	4	
<b>Problem #4</b> Compute GDP in 2010. ("a")	4	
Correctly calculate consumption. ("b")	4	
Correctly calculate investment. ("c")	4	
Computed government purchase. ("d")	4	
Identify export and import and calculate net export.	4	
Writing style, grammar, and APA formatting.	5	
<b>Total</b>	<b>35</b>	