

1. Answer the following questions.

- (a) What is GDP?
- (b) GDP includes the imputed rent on owner-occupied houses. But, the owner of a house must buy it before owing. It has been already priced. Isn't it double counting? What is your answer to this question?
- (c) The total expenditure in a country is said to be equal to the total income in the country. But, if a company cannot sell many products this year, the statement seems to be wrong. Why is the previous statement true in GDP accounting?
- (d) If we add the market value of all goods or services produced in Japan in 2004, is it equal to Japanese GDP in 2004? Explain your answer.
- (e) Is inventory a part of GDP? Explain the logic of your answer?
- (f) What is a difference between GDP and GNP?
- (g) What is a difference between GNP and NNP?
- (h) What is a difference between real GDP and nominal GDP? Why do we need to examine real GDP to understand a change in the standard of living?
- (i) Why do some researchers think that GDP per worker is the better measure of richness than GDP per capita in order to compare income differences across countries?
- (j) What is the consumer price index?
- (k) How is a GDP deflator estimated? How is a consumer price index estimated? Explain the difference between two indices.
- (l) How is an unemployed worker defined?
- (m) What is the labor force participation rate?
- (n) Explain a difference between the unemployment rate and the labor force participation rate.