Questions to Ponder

1. How big is U.S. GDP today?

2. How big is U.S. GDP per capita today?

3. What share of U.S. production goes to consumption goods and services (C)?

4. What share of U.S. production goes to investment goods and services (I)?

5. What share of U.S. production goes to government goods and services (G) excluding transfers?

6. What share of U.S. production goes to making goods and services to be sold in other countries (X)?

7. What is import’s (M) share of U.S. GDP?

8. What, approximately, is the U.S.’ share of world production?

9. What, approximately, is the U.S.’ share of world population?

10. Approximately how much of a year’s production of new capital goods represents a net increase in the capital stock of the economy? Explain your answer.

11. If you have not heard talk about the economy becoming increasingly global, spend a few minutes slapping yourself silly. Okay. Now tell me a bit about the trends for the U.S. economy over the last 50 (or so years).
   - How much have exports as a % of GDP grown? (ex. Exports/GDP today is 15× what it was in 1948)
   - How much have imports as a % of GDP grown? (ex. Imports/GDP today is 15× what it was in 1948)
   - When, approximately, did the U.S. start running persistent trade deficits?

12. People often complain about the growth over government over the past 50 years. Has government/GDP grown in the U.S. since 1948? If so, by (approximately) how much? What caused the change in the size of government/GDP (ex. Purchases of defense goods)?

13. Has the federal government grown more or have state governments grown more since 1948? Explain you answer. (Principles of Macro students, don’t worry about this. Intermediate macro student, I will give you a graph showing this.)

14. How does the size of Government/GDP in the U.S. compare to:
• the world as a whole?
• other developed nations?
• The less developed nations of the world?

15. In order, list the U.S. federal government’s top 3 revenue sources.

16. In order, list the U.S. federal government’s top 4 spending sources.

17. In order, list U.S. state and local government’s top 2 revenue sources.

18. In order, list U.S. state and local government’s top 2 spending sources.

19. How does income distribution in the U.S. compare to:
• the world as a whole?
• other developed nations?
• The less developed nations of the world?

20. When, since 1960, has the U.S. economy experienced recessions?

21. List the 3 longest economic expansions the U.S. economy has had since 1948.

22. During what time period, since 1948, was the U.S. economy experiencing its worst long-run growth?

23. In terms of inflation and unemployment, approximately how long has it been since the U.S. economy has been performing as well as it is today?

24. Since 1960, when did the two worst inflationary episodes occur for the U.S. economy? What cause is generally attributed to these inflations.

25. When, since 1948, did the U.S. experience its highest interest rates? What is one possible cause of these high interest rates?

26. The federal budget balance was once seen a “Great Scourge of the American Economy”. When did the U.S. federal government begin its era of persistent deficit spending? When did this era of persistent deficits end?

27. What, since early 1999, has the Federal Reserve been doing to:
• the discount rate?
• the Fed Funds rate (target)? Note: The Fed does not directly set this. It sets a target and then intervenes in the market (by borrowing or lending at this interest rate) to keep the rate near its target.
• What is the Fed’s rationale for doing these 3 things? i.e. What was the Fed trying to do to the economy and (briefly) why is it trying to do it?