Class: 1/28/03

Main Points discussed in class
Three main macro variables
1) Aggregate output + RGDP
2) Inflation + price indexes
3) Unemployment

What do we mean by aggregate?
What do we mean by aggregate output? How do we measure aggregate output? GDP and GNP
What is GDP? What is the difference between GDP and GNP?
Why do we say “final goods and services” in the definition of GDP?
What is “final goods and services”?
Why aggregate output=aggregate income?
How accurate is the GDP? Does housework enters in the GDP?
What is wrong with inflation?
What is inflation?
What is a price level?
Define the consumer (producer) price index.
What is a GDP price level?
Which set of price should we use in evaluating GDP?
What is an “index”? What does a price index of 3 mean?
How do economists track the prices of the economy?
What is NGDP? What is RGDP? Why do we use RGDP rather than NGDP to talk about the performance of the economy?