***CARIBBEAN MARITIME INSTITUTE***

**MACRO-ECONOMICS**

**TOTURAL QUESTIONS FOR UNITS 1 & 2**

**SEMESTER 2**

**2015**

1. List the different macro-economic concepts and explain their meanings.
2. Explain why the concepts in question 1 are considered to be macro and not micro economics in nature.
3. The workings of an economy are a result of the interactions of the different economic agents. List and explain how these agents impact the Jamaican Economy.
4. What are economic theories? List any five {5} such theories and analyse their impact on modern economies.
5. Discuss why Jamaica lags so much in economic growth behind the other islands in the Caribbean.
6. With the use of at least two {2} example explain what goal conflicts are.
7. Construct the circular flow of income diagram and explain how it is impacted by withdrawals and injections.
8. Using the following data, calculate the following: (a) Gross Domestic Product (GDP); (b) Net National Product (NDP); (c) National Income (NI); and (d) personal income (PI). All numbers are in billions of dollars.

Consumption $2,290.0

Investment 800.6

Government purchases 850.6

Net exports 178.2

Capital consumption allowance 607.6

Indirect business taxes 423.6

Statistical discrepancy 8.8

Social Security insurance taxes 423.0

Transfer payments 911.2

Undistributed profits 182.0

Corporate profits taxes 155.4

Personal taxes 680.0

Dividends 0.0

Compensation of employees 1600.0

Income earned from the rest of the world 100.0

Income earned by the rest of the world 112.0

Proprietors’ income 800.0

Rental income 290.0

Net interest 46.0

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### Using the Expenditures Approach and calculate {a} GDP {b} GNP

|  |  |
| --- | --- |
| Transfer Payments | $54 |
| Interest Income | $150 |
| Depreciation | $36 |
| Wages | $67 |
| Gross Private Investment (I) | $124 |
| Business Profits | $200 |
| Indirect Business Taxes | $74 |
| Rental Income | $75 |
| Net Exports (X-M) | $18 |
| Net Foreign Factor Income | $12 |
| Government Purchases (G) | $156 |
| Household Consumption (C) | $304 |

### Using the Income Approach and calculate {a} GDP {b} GNP

|  |  |
| --- | --- |
| Transfer Payments | $54 |
| Interest Income (i) | $150 |
| Depreciation | $36 |
| Wages (W) | $67 |
| Gross Private Investment | $124 |
| Business Profits (PR) | $200 |
| Indirect Business Taxes | $74 |
| Rental Income (R) | $75 |
| Net Exports | $18 |
| Net Foreign Factor Income | $12 |
| Government Purchases | $156 |
| Household Consumption | $304 |