

Basic Questions to Lecture 4

1. What is the equation for macroeconomic equilibrium in the goods market?
2. Are imports part of consumption, investment, government spending, and exports?
3. What do we mean by consumption? Give some examples of nondurable goods. Give some examples of durable goods. Give some examples of domestic services. Give some examples of international services.
4. What variables affect real consumption of goods and services? Explain how they affect consumption.
5. Some people say that consumption depends on permanent income – what do they mean by the term permanent income?
6. How do you define the average propensity to consume (APC). Download the Taiwan Statistical Data Book 2016 in pdf form and go to Table 3-17. What are the APCs for Taiwan in 1996, 2006, 2008, and 2014? Use private consumption.
7. From the Taiwan Statistical Data Book 2016 in pdf form in question 6 above, find the measure of nominal GDP in 2015. Now find the value of nominal consumption in 2015. What percentage is private C in GDP during 2015? What was the percentage in 2008? How about 1996? 1980?, 1952? (Hint: Take a picture of Table 3-1 and Table 3-9a, then use your calculator)
8. Go to Table 3-20b on p. 86 of the Taiwan Statistical Data Book 2016 in pdf form. What were the top 4 categories of consumption expenditure in Taiwan in 2014 in terms of percentage spent? Which types of expenditure in Taiwan have been increasing since 2006? Can you explain why?
9. Look at Table 3-14a. What are the components of Gross National Saving? How do we define Net National Saving? Why is the government's part of net national saving sometimes positive and sometimes negative?
10. How does a country use its saving to prepare for the future?