Assignment

## Name: *Adnan Bashir* Course Title: MACROECNOMIS ID: *16010* Instructor: *WAJEEHA AMIN*

**ANS(1) MCQs**

1. (A)
2. (D) i
3. (D)
4. (a)
5. (D)
6. (B)
7. (a)
8. (A)
9. (A)
10. D

QESTION 2 (1)

Gross domestic product (GDP) is a monetary measure of the market value of all the final goods and services produced in a specific time period. GDP (nominal) per capita does not, however, reflect differences in the cost of living and the inflation rates of the countries; therefore using a basis of GDP per capita at purchasing power parity (PPP) is arguably more useful when comparing living standards between nations, while nominal GDP is more useful comparing national economies on the international market.

The GDP measures the value of the production of goods and services, and it is the most common gauge of the overall size of an economy. GDP is an economic accounting identity composed of four main components: personal consumption expenditures (C), investment (I), government spending (G), and net exports (exports minus imports, or X-M).2﻿

**ANS (4)**

The natural rate of unemployment is related to two other important concepts: full employment and potential real GDP. The economy is considered to be at full employment when the actual unemployment rate is equal to the natural rate.

ANS (5)

OKUNs LAW

In economics, Okun's law (named after Arthur Melvin Okun, who proposed the relationship in 1962) is an empirically observed relationship between unemployment and losses in a country's production. The "gap version" states that for every 1% increase in the unemployment rate, a country's GDP will be roughly an additional 2% lower than its potential GDP. The "difference version" describes the relationship between quarterly changes in unemployment and quarterly changes in real GDP. The stability and usefulness of the law has been disputed.

***ANS***

The equilibrium level of income is the point at which a business is able to sell all of the goods it planned to. Pretty simple. The company produces its product to that level, and then sells exactly the same amount. The company's output -- its production -- is equal to the consumer demand to buy the product.

***ANS***

According to Keynes, the saving-investment equality is a condition of equilibrium at any level of employment, and not necessarily always the full employment level. More realistically, it is usually at less than full employment level.

In meteorology, the equilibrium level (EL), or level of neutral buoyancy (LNB), or limit of convection (LOC), is the height at which a rising parcel of air is at the same temperature as its environment.

***ANS***

*Net national product (NNP) refers to gross national product (GNP), i.e. the total market value of all final goods and services produced by the factors of production of a country or other polity during a given time period, minus depreciation. Similarly, net domestic product (NDP) corresponds to gross domestic product (GDP) minus depreciation. Depreciation describes the devaluation of fixed capital through wear and tear associated with its use in productive activities.*