Chapter Five

Macroeconomics: The Big Picture

Internet Exercises

Exercise 1

Recent Macroeconomic Performance

Questions:

Examine the unemployment rate and real GDP charts provided by Economagic.com.

a. Use these graphs to determine the stage of the business cycle that the U.S. is currently experiencing. Explain your response.

b. The 2001 recession ended in November 2001, but the perception of 'bad economic times' lingered into 2002 and 2003. What evidence do these graphs provide concerning the lingering perception of a recession? Hint: contrast the performance of the unemployment rate and the level of real GDP during the period from 2001 through late 2003.