HPR DISCUSSION BOARD Joyce Scott 73

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Week 6 Discussion

"GDP" Please respond to the following:

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Recall that a recession is defined as two consecutive quarters of declining GDP (Gross Domestic Product). (p. 302 of the textbook).

Go to the Bureau of Economic Analysis at http://bea.gov/national/index.htm#gdp Click on the second bullet point from the top, "Current-dollar and 'real' GDP." This will open an Excel file.

In the Excel file, look at column F. These are quarterly GDP numbers. Using these numbers, identify one or more recessions. Remember, you are looking for two quarters in a row where the GDP numbers are falling. (HINT: If you insert another column subtracting one row from the previous one, you will identify drops in GDP with negative numbers.) One example would be from the 2nd quarter of 1952 through the first quarter of 1954. Because of population growth, the general rule-of-thumb is that our economy needs to grow at 3 percent per year to provide enough opportunities for everyone seeking work. In a recession, not only does the economy grow at less than a 3 percent rate, it actually shrinks.

Thinking about either your own family or a story that you've learned about, give one or two examples of what it is like to live through a recession. In future weeks we'll learn about government policies that can be used to try to pull the economy out of recessions.

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