

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point on the assignment.

Because of a change of time of one of my courses, I have changed my office hours. They are now daily 11:00-11:40, T & Th 2:00 – 4:00, M & W 3:00 - 5:00. I may be around M & W 1:15 – 1:45. See my schedule on my web page or beside my office door to find out where I am at a particular time.

1) (15 points) Why should the left-hand side of table 3.1, account 1, equal the right-hand side of the same table? In other words, why should they both give GDP?

2) (15 points) Why is the government surplus included in the left-hand side of table 3.1, account 3, rather than the right-hand side?

3) (10 points) If I wanted to find out how much livestock and livestock products are used in agricultural forestry and fishery services. Use table 3.4 to find the answer and give a one sentence explanation of how you got the answer.

4) (10 points) If I told you two products had SIC codes of 35 and 357, what would that tell you about the relationship of the two products? Give a one sentence explanation of how you came to that conclusion. You should be able to do this without actually looking the codes up.

5) (30 points) ATMs have made money in savings accounts (which are in M2) more liquid. The Fed has historically used M1 as a measure of current expenditure expectations and M2 as a predictor of future expenditures. How would the increased use of ATMs affect the accuracy of these predictions? Why do you feel that?

6) (20 points) How does the IIP differ from GDP?