

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.

- 1) (10 points each) For each event, determine if it is part of GDP for the USA. If it is, then state which part. If not, then explain why it is not.
  - A) I paid four football players to move my furniture from my apartment to my house.
  - B) You buy a sports car from Italy.
  - C) The Canadian government buys a \$200,000 earth moving machine from the American company, Caterpillar.
  - D) I sell you my CD player.
  - E) You buy \$10,000 of stock in Sprint, and pay \$50 in commissions.
  
- 2) (15 points) What is the purpose of subtracting business taxes and retained earnings, while adding transfer payments, in the calculation of PI from NI?
  
- 3) (15 points) What are the detrimental aspects of economic growth?
  
- 4) (20 points) Developing countries complain that real GDP per capita is a poor measure of how well off that country is. Explain their argument.