

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. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

1) (10 points each) For each part, determine if it is part of GDP for the USA. If it is, then briefly state which part of GDP and how you reached that conclusion. If it is not, then explain why it is not.

A) Sam receives unemployment benefits.

B) Joan buys a used car for \$4000 which cost the dealer \$3000.

C) I pay you \$50 to rake my yard.

D) You buy \$1000 worth of IBM stock and pay the broker \$10 in commissions.

E) Sabrina buys a \$10,000 Kia which was made in South Korea.

2) (15 points) Which measure would be better to measure how well off the country is, GDP, NDP, NI, PI, or DPI? Explain your logic.

3) (20 points) Give two reasons why real GDP per capita may not be a good measure of how well off a country is.

4) (15 points) Which is going to be more closely tied to the unemployment rate, GDP or GNP? Explain your logic.