

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (10 points) What part of my webpage <http://www.WCsaplarJr.info> do you think is most helpful? Explain your logic. Is anything missing which would be helpful? If you were a Managerial Economics major, then which courses would you be taking *comps* in on Tuesday Morning?
- 2) (10 points) As you can see, in the writing at the bottom of the page, there is a big difference between translating and explaining. Explain:  $S = Y + NFP - C - G$ . Make sure you do not just "translate" the equation.
- 3) (10 points each) How much does GDP change in each event? Explain how you reached the conclusion. If you GDP changes, tell me which part of GDP and how you determined that.
  - A) I pay you \$80 to shovel my driveway.
  - B) You pay \$5000 for housing while doing foreign exchange in Spain.
  - C) Your grandfather gets a \$400 Social Security check.
  - D) You buy \$5000 worth of stock in Google because you think they will make huge profits from all of the information they legally steal from you and sell to corporations. You pay \$10 in commissions.
  - E) You buy a used car for \$5000 which cost the dealer \$3000.
- 4) (20 points) Use the following data to calculate GDP, GNP, NNP, NI, PI, and DPI. Consumers buy \$1200 worth of goods. Firms buy \$600 worth of machines. The government buys \$700 worth of services. We import \$220 worth of goods and export \$170 worth. We paid foreigners \$10 worth of interest and received \$12. Capital lost \$40 worth of value. Firms paid \$120 dollars of sales tax and \$30 worth of business taxes. They retained \$25 of earnings. Consumers paid \$220 worth of income tax and received \$140 worth of Social Security payments from the government. Show all work. If you need data which is not provided, assume it is zero.
- 5) (10 points) All statistics have problems with their definition. What are three problems with GDP which mean that it is systematically underestimate in developing countries? Explain your logic.

பாஷும் தெளி தேலும் பாசும்  
 பருப்புமி அவ நாஸும் கலந்தூண்கு  
 நான் தருவேன்  
 கோஷும் செம்  
 சூங்கிட் கரிசுகத்து சூமணியே !