

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? According to the boxes in yellow on my main page, which of the 25 most requested skills on LinkedIn are taught to our Economics majors?
- 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:  $PI = NI + TR - \text{retained earnings} - \text{direct business tax}$ . Make sure you do not just “translate” the equation.
- 3) (20 points) Use the following data to calculate GDP, GNP, NNP, NI, PI, and DPI. Consumers buy \$3000 worth of goods. Firms buy \$900 worth of machines. The government buys \$1200 worth of services. We import \$260 worth of goods and export \$160 worth. We paid foreigners \$10 worth of interest and received \$12. Capital lost \$100 worth of value. Firms paid \$130 dollars of sales tax and \$60 worth of business taxes. They retained \$35 of earnings. Consumers paid \$250 worth of income tax and received \$180 worth of Social Security payments from the government. Show all work. If you need data which is not provided, assume it is zero.
- 4) (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. If GDP does not change, tell me why not. For all questions, assume “you” refers to an American.
- A) I pay you \$40 to shovel my driveway.
- B) A used car dealer sells you a car for \$2900. The car cost them \$1500.
- C) Bethany College spends \$20,000 to repair the roof of Richardson.
- D) You buy \$4000 worth of stock in Google because you think they will make lots of money off of all the spying they do on people. You pay \$5 in commissions.
- E) The US government imports arms from Italy.  
<https://www.statista.com/statistics/248546/us-arms-imports-by-country/>
- 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 பாதும்  
பருப்புமிவை நாளும் கலந்துணக்கு  
நான் தருவேன்  
கோஷும் செம்  
தூங்கிட கிழுகத்து சூமணியே!