

Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 100 points and is scheduled to take 50 minutes. Therefore, expect to spend 1 minute for every 2 points. Therefore, a 18-point question should take 9 minutes. I will give a few extra minutes, but probably no later than about 5 or 10 after the hour.

1) (12 points) Do EITHER part A OR part B.

A) Does America have a centralized or decentralized data system? What problem does that cause?

B) Why should the current account and capital accounts sum to zero?

2) (12 points) Answer this question for EITHER the pair in part A OR the pair in part B.

Suppose that I gave you the first piece of data and I gave you personal tax payments, business tax payments, indirect business taxes, subsidies to firms, subsidies to corporations, depreciation (which the book calls consumption of fixed capital), receipts of factor income from abroad, and payments of factor income to abroad. Then tell me how you would calculate the second term. Make sure you mention whether the items you chose are added or subtracted. Explain why you added or subtracted them. Do not explain why you ignored the other ones.

A) GDP to NNP.

B) GNP to NI.

3) (14 points) Suppose that the following table represents all of the products that were bought in those years. Calculate EITHER the new CPI OR the new real GDP as a percent of the GDP in the base year. For BOTH calculations, what was the percent change? Show all work including writing the general formula for the calculation.

Item	P ₁₉₉₇	P ₂₀₀₂	Q ₁₉₉₇	Q ₂₀₀₂
Corn	\$1/ear	\$2/ear	10 ears	8 ears
Pears	\$2/pear	\$1/pear	6 pears	12 pears
Bread	\$3/loaf	\$4/loaf	4 loaves	5 loaves

4) (16 points) Do EITHER part A OR part B.

A) The table to the right was taken from part of a row from the IIP table in the book. The table in the book has a base year of 1987 and was giving the data for 1993. Explain what the numbers in the four right-hand columns mean.

Group	SIC code	1987	1993 avg	March
Coal	11,12	1.2	103.6	107.9

B) Which of these items are in the current account and which are in the capital account?

BRIEFLY explain your logic for each one. An American taking a tour in Egypt, when American University in Cairo paid me money in the USA, you buy stock in Nokia (which is Finnish), an American donates money to help the Afghans.

5) (22 points) Suppose the following data was for GDP for various quarters. (Ignore the unbelievable swings in output from 1999.2 to 2000.3.) Find the entries with an X in them. Show all calculations. If you cannot calculate something and need it later, just put in a number and state you put it in and then use it in the next column. (I placed formulas into the boxes and manipulated numbers so that all of those numbers turn out nicely and should not need a calculator.)

Quarter	GDP	Y^{ma}	PSI	ASI	Y^{sa}
1999.1	100				
1999.2	25				
1999.3	125	X	X	X	X
1999.4	130				
2000.1	140				
2000.2	170				
2000.3	250	X	X	X	X
2000.4	200				
2001.1	220				
2001.2	185				
2001.3	205				
2001.4	210				

6) (24 points) Suppose that
 $C = 250 + 0.7(Y - T)$,
 $T = 300$,
 $I = 20 + 0.2Y$,
 $G = 240$,
 $X = 200$, and
 $M = 0.1Y$.

Find the equilibrium levels of GDP, consumption, investment, imports, government surplus or deficit, trade deficit or surplus, and the autonomous expenditure multiplier. Show all work and briefly explain how you got the multiplier.