

Moi

- My email address is: `wmvolckmann@ucdavis.edu`
- I hold office hours on Tuesdays from 12-2pm in SSH 116. That's downstairs in the courtyard area.
- You can always go other TA's office hours if you want—they are listed in the syllabus.
- I'll be posting discussion materials on my website each week, and eventually the solutions as well.

Problem 1. Which of the following will be included in 2009 GDP?

- (a) The value of a bookshelf that you build for yourself in 2009
- (b) The value of a boat that is produced in 2008 and sold in 2009
- (c) The value of a textbook that is produced in 2009 but not sold
- (d) The value of a used car that is sold in 2009
- (e) None of the above

Problem 2. What is the main reason why national-income accountants estimate GDP using the values of the final goods rather than the value of all the goods produced in a year?

- (a) To include all the goods produced in GDP, but only once.
- (b) To exclude the values of all the intermediate goods produced from GDP.
- (c) To exclude the values of all the assets purchased from GDP.
- (d) To include the values of all the imported goods purchased in GDP.
- (e) None of the above

Problem 3. Which of the following will NOT be included in 2009 GDP?

- (a) The value of lawn mower engines that Briggs and Stratton made in 2009 but could not sell.
- (b) The value of a computer chip produced in 2009 and used in the production of a personal computer.
- (c) The value of a piece of land Brad sold to Abe in 2009.
- (d) The value of a computer chip produced in 2090 that was not used in any personal computer.
- (e) None of the above

Problem 4. Which of the following events will cause GDP to change in 2012 relative to 2009? The events occur in 2010.

- (a) Mary marries her chiropractor
- (b) Scot buys a share of IBM stock
- (c) Jack sells his farmland
- (d) George fixes his garage door
- (e) None of the above

Problem 5. The table below shows the prices and quantities of the two goods produced in a country in 2007, 2008, and 2009. These are the only goods produced in the country. What is nominal GDP in 2007?

Year	Good 1		Good 2	
	Price	Quantity	Price	Quantity
2007	\$2	4	\$6	2
2008	\$3	5	\$7	3
2009	\$4	8	\$8	5

Problem 6. The table below shows the prices and quantities of the two goods produced in a country in 2007, 2008, and 2009. These are the only goods produced in the country. Using 2008 as the base year, what is real GDP in 2007?

Year	Good 1		Good 2	
	Price	Quantity	Price	Quantity
2007	\$2	4	\$6	2
2008	\$3	5	\$7	3
2009	\$4	8	\$8	5

Problem 7. Same thing as before. These are the only goods produced in the country. Using 2008 as the base year, what is the GDP deflator in 2007?

Year	Good 1		Good 2	
	Price	Quantity	Price	Quantity
2007	\$2	4	\$6	2
2008	\$3	5	\$7	3
2009	\$4	8	\$8	5

Problem 8. The table below shows the revenue received and costs incurred by Ander's hamburger restaurant over the last year. What was Ander's restaurant's value added?

Ander's Burgers	
revenue	\$200,000
Costs	
Meat	\$20,000
Hamburger Buns	\$5,000
Wages	\$75,000
Interest	\$15,000
rent	\$25,000

Problem 9. The table below shows the revenue received and costs incurred by Ander's hamburger restaurant over the last year. What was Ander's restaurant's profit?

Ander's Burgers	
revenue	\$200,000
Costs	
Meat	\$20,000
Hamburger Buns	\$5,000
Wages	\$75,000
Interest	\$15,000
rent	\$25,000

Problem 10. You bought an old apartment complex in San Francisco for \$10 million in 2009 and sold it the same year for \$11 million. The real estate agent received a fee of \$1.2 million for the two transactions combined. What was the contribution of all of these transactions to the 2009 GDP?

Problem 11. Suppose 2005 is the base year. In 2006 the prices of all goods and service produced increase by 5% over their 2005 values. Assuming that the same goods and services are produced in both years (although not necessarily in the same quantities), what can we say about the 2006 real GDP?

- (a) The 2006 real GDP will be higher than the 2005 real GDP by 5%
- (b) The 2006 real GDP will be lower than the 2005 real GDP by 5%
- (c) The 2006 real GDP will be the same as the 2005 real GDP
- (d) Need more information to answer
- (e) None of the above

Problem 12. Suppose 2005 is the base year. In 2006 the prices of all goods and service produced increase by 5% over their 2005 values. Assuming that the same goods and services are produced in both years (although not necessarily in the same quantities), what can we say about the 2006 nominal GDP (NGDP)?

- (a) The 2006 NGDP will be higher than the 2005 real GDP by 5%
- (b) The 2006 NGDP will be lower than the 2005 real GDP by 5%
- (c) The 2006 NGDP will be the same as the 2005 real GDP
- (d) Need more information to answer
- (e) None of the above

Problem 13. Suppose 2005 is the base year. In 2006 the prices of all goods and service produced increase by 5% over their 2005 values. Assuming that the same goods and services are produced in both years (although not necessarily in the same quantities), what can we say about the 2006 GDP deflator?

- (a) The 2006 GDP deflator will be 105
- (b) The 2006 GDP deflator will be 100
- (c) The 2006 GDP deflator will be 95
- (d) Need more information to answer
- (e) None of the above