

Homework 7

Due on 17/10/2023, by 23:00

This assignment is optional but STRONGLY RECOMMENDED. If you do not submit the answers till the deadline, the score of your final exam will substitute for the score for this assignment. Submit only the correct letter for each task on eLearn under 'Quizzes' within 'COR2100-Economics and Society G7-8-26-49'. Note that the actual text of questions and answers is not supposed to appear on the eLearn quiz. You have unlimited attempts. The system is programmed to credit your last attempt. Be informed that if you submit an attempt and afterwards you re-open the quiz, you must submit your answers AGAIN. Otherwise, the system will grade the unfinished attempt with 0 (because it is the last one) and there is NOTHING I can do to fix this after the fact. Late homework or homework submitted outside eLearn cannot be accepted as this would violate SMU official policy for fairness and transparency in grading. This assignment is protected by Grade Insurance™: If the assignment's average turns out to be below 75, an equal amount of bonus points will be given to every work, for the average to become 75. Direct any homework questions to your TA.

1. Which of the following is likely to increase "GDP per capita" in Canada?
 - A. An increase in the number of high skilled workers immigrating to Canada from USA.
 - B. An increase in the number of low skilled workers immigrating to Canada from USA.
 - C. Both A and B.
 - D. None of the above.

2. Which of the following is most likely to increase "GDP per worker" in Canada?
 - A. An increase in the number of high skilled workers immigrating to Canada from USA.
 - B. An increase in the number of low skilled workers immigrating to Canada from USA.
 - C. Both A and B.
 - D. None of the above.

3. Which of the following is part of G , according to National Income Accounts?
 - A. The purchase by the government of used medical equipment from private local hospitals.
 - B. Military retiree's pensions.
 - C. The private funding of scientific research conducted by a public university.
 - D. The cost of providing public education.

Table 7.1

Consumption Expenditure	\$350 billion	Imports	\$70 billion
Investment	\$200 billion	Government Spending	\$150 billion
Corporate After-tax Profits	\$330 billion	Net Exports	-\$50 billion
Wages and Salaries	\$90 billion	Transfer Payments	\$30 billion

4. Refer to table 7.1. How much is the country's GDP?
 - A. Around \$400 billion.
 - B. Around \$450 billion.
 - C. Around \$500 billion.
 - D. Around \$550 billion.
 - E. Around \$600 billion.
 - F. Around \$650 billion.
 - G. Around \$700 billion.
 - H. Around \$750 billion.

5. Which of the following could be a reason why the increase in nominal GDP may overstate the actual citizens' well-being?
- A. Inequality.
 - B. Increase in cost of living.
 - C. Both A and B.
 - D. None of the above.
6. Which of the following could be a reason why a low real GDP understates the actual citizens' well-being?
- A. Real GDP includes the value of illegal goods and services.
 - B. Real GDP includes the value of goods and services that are used to repair damage caused by wars or conflicts.
 - C. Real GDP accounts for negative externalities such as deforestation.
 - D. Real GDP does not include barter transactions.
7. Which of the following could possibly be associated with an increase in the price level and at the same time a decrease in the total quantity of final goods and services produced?
- A. Increase in both nominal and real GDP.
 - B. Increase in nominal GDP and decrease in real GDP.
 - C. Decrease in nominal GDP and increase in real GDP.
 - D. All of the above are possible outcomes.
8. Which of the following is NOT a final good?
- A. A new projector procured by SMU.
 - B. A textbook bought by a student.
 - C. A self-improvement book bought by a professor.
 - D. A new house bought by the provost of SMU.

Scenario 7.1: Assume that Augusto, a Brazilian who owns a cotton farm in Sao Paulo, sells cotton to Felipe, an Argentinian textile manufacturer who operates in Mexico, at the price of \$10,000. Felipe processes the cotton, makes t-shirts and sells them to its two customers as follows: \$15,000 worth of t-shirts to Santiago, a Mexican shop owner who operates in his country and \$20,000 worth of t-shirts to Martina, an Argentinian craftswoman who owns a cottage industry store in Brazil. Santiago sells the t-shirts and his net profit is \$5,000, while Martina prints customized stamps on the t-shirts and sells them for \$30,000.

9. According to scenario 7.1, the activities described have increased Brazil's GDP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.

10. According to scenario 7.1, the activities described have increased Mexico's GDP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.
11. According to scenario 7.1, the activities described have increased Argentina's GDP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.
12. According to scenario 7.1, the activities described have increased Brazil's GNP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.
13. According to scenario 7.1, the activities described have increased Mexico's GNP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.
14. According to scenario 7.1, the activities described have increased Argentina's GNP by how much?
- A. Around \$0.
 - B. Around \$5,000.
 - C. Around \$10,000.
 - D. Around \$15,000.
 - E. Around \$20,000.
 - F. Around \$25,000.
 - G. Around \$30,000.
 - H. Around \$35,000.

15. Two countries have the same GDP per capita in a particular year, but country A has a larger population than country B. If country A's GDP per worker is lower than country B's, which of the following is most likely true?
- A. Country A has more workers than country B.
 - B. Country A has less workers than country B.
 - C. The two countries have the same number of workers.
 - D. We do not have sufficient information to compare the number of workers in the two countries.
16. Which of the following is included in GDP?
- A. Illegal drugs' trade.
 - B. Expenditures by nonprofit organizations.
 - C. The value of household goods produced for own consumption.
 - D. The loss of value of equipment because of wear and tear.
17. Which of the following is excluded from GDP?
- A. Government spending.
 - B. The total value of final goods sold.
 - C. The construction of a new house.
 - D. The value of used goods sold.
18. The Singaporean government buys 50 Tomahawk cruise missiles from a US manufacturer for \$200M. Which of the following is true for the National Accounts of Singapore?
- A. The transaction does not increase GDP.
 - B. The transaction increases M by \$200M.
 - C. The transaction increases G by \$200M.
 - D. All of the above.
 - E. None of the above.
19. Which of the following is part of I , according to National Income Accounts?
- A. The purchase of a new laptop by a family.
 - B. An increase in inventories held by businesses.
 - C. The purchase of stocks by an individual.
 - D. The value of an existing commercial building purchased by a real estate investor.
20. A local car manufacturer produced \$1 million worth of cars in 2021. However, due to a decrease in demand, only \$600,000 worth of cars were sold in 2021 and the remaining \$400,000 worth of cars were sold in 2022. What is the contribution of 2021's car production by the manufacturer to the country's GDP in 2021?
- A. Around \$400K.
 - B. Around \$600K.
 - C. Around \$1 million.
 - D. Around \$1.6 million.

Good afternoon! Some basic economics of grades: In the same way that a Singaporean dollar does not carry an equal value to a US dollar or a Russian Ruble, a point in E&S does not carry the same value with the points you score in your other courses. Courses are not designed equal. In absolute terms it is hard to convince someone that a 71 may be better than an 89. However, a 71 in one course may give you an A- if the average is 65; while in another course, an 89 may give you a B+ if the average is 95. As we have already learned in E&S, 'value' is affected by 'scarcity'. The more "generous" an instructor is with points, the more points you will need to reach a good letter grade in the end. So, instead of pointlessly comparing your intermediate scores from one course to another, focus on maximizing your knowledge. When knowledge is present, good grades will follow.

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