

Homework 7

Due on 12/3/2024, 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 G7-8-9-10'. 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.

- Which of the following is most likely to be the result of emigration of high skilled workforce from Greece to Germany?
 - Increase in Greece's both "GDP per capita" and "GDP per worker".
 - Increase in Greece's "GDP per capita" and decrease in its "GDP per worker".
 - Decrease in Greece's "GDP per capita" and increase in its "GDP per worker".
 - Decrease in Greece's both "GDP per capita" and "GDP per worker".
- Which of the following is most likely to be the result of emigration of high skilled workforce from Greece to Germany?
 - Increase in Germany's both "GDP per capita" and "GDP per worker".
 - Increase in Germany's "GDP per capita" and decrease in its "GDP per worker".
 - Decrease in Germany's "GDP per capita" and increase in its "GDP per worker".
 - Decrease in Germany's both "GDP per capita" and "GDP per worker".
- Which of the following is NOT part of G , according to National Income Accounts?
 - The funding of scientific research by a government agency.
 - The cost of repairing a damaged bridge.
 - The taxation collected by the government.
 - The purchase of an MRI machine by a public hospital.

Table 7.1

Consumption Expenditure	\$400 billion	Transfer Payments	\$60 billion
Government Expenditure	\$250 billion	Taxes	\$300 billion
Corporate Net Profits	\$400 billion	Exports	\$250 billion
Wages and Salaries	\$150 billion	Imports	\$200 billion

- Refer to table 7.1. How much is the country's GDP?
 - Around \$550 billion.
 - Around \$600 billion.
 - Around \$650 billion.
 - Around \$700 billion.
 - Around \$750 billion.
 - Around \$800 billion.
 - Around \$850 billion.
 - Around \$900 billion.

5. Which of the following is the most likely reason why a high real GDP overstates the actual citizens' well-being?
- A. Real GDP accounts for negative externalities such as pollution.
 - B. Real GDP includes the value of goods and services that are used to repair damage caused by natural disasters.
 - C. Real GDP includes the value of goods and services that are used to prevent crime.
 - D. Real GDP accounts for changes in life expectancy.
6. Which of the following is the most likely reason why a low real GDP understates the actual citizens' well-being?
- A. GDP does not account for the underground economy.
 - B. GDP does not account for the depreciation.
 - C. GDP does not account for transfer payments.
 - D. GDP includes income that comes to the country from citizens living abroad.
7. Which of the following is considered as a final good?
- A. A house bought by a real estate agency.
 - B. An antique car bought by a car collector.
 - C. A sunbed bought by a beach bar.
 - D. A new PC bought by a public library.
8. Which of the following will not be included in GDP?
- A. The local production of an industrial natural gas pump.
 - B. The local production of a car.
 - C. The production of one hour of massage at a local spa.
 - D. The addition of a new roulette station at the local casino.
 - E. All of the above will be included in GDP.
9. Which of the following could be a benefit for a country that includes illegal activities in its GDP?
- A. It increases its tax revenue by taxing those activities.
 - B. It makes its GDP appear higher.
 - C. It makes its debt-to-GDP ratio appear lower.
 - D. All of the above.

Scenario 7.1: *Greek grape producers produced 150M euros worth of grapes. Greek refineries bought the grapes and produced 500M euros worth of wine. French companies bought the 500M euros worth of wine, bottled it in French bottles sold 300M to wine stores based in France, 300M to wine stores based in Greece and 300M to wine stores based in Spain. Wine store owners in each country sold the wine to their local markets for a net profit of 100%.*

10. According to scenario 7.1, GDP of Greece increased by how much?
- A. Around 100M euros.
 - B. Around 200M euros.
 - C. Around 300M euros.
 - D. Around 400M euros.
 - E. Around 500M euros.
 - F. Around 600M euros.
 - G. Around 700M euros.
 - H. Around 800M euros.

11. According to scenario 7.1, GDP of France increased by how much?

- A. Around 100M euros.
- B. Around 200M euros.
- C. Around 300M euros.
- D. Around 400M euros.
- E. Around 500M euros.
- F. Around 600M euros.
- G. Around 700M euros.
- H. Around 800M euros.

12. According to scenario 7.1, GDP of Spain increased by how much?

- A. Around 100M euros.
- B. Around 200M euros.
- C. Around 300M euros.
- D. Around 400M euros.
- E. Around 500M euros.
- F. Around 600M euros.
- G. Around 700M euros.
- H. Around 800M euros.

Scenario 7.2: *A family office in Singapore is owned by a native entrepreneur and has only one additional employee, Aryan, who is from Malaysia.*

13. According to scenario 7.2, if Aryan's salary is fixed and independent of the company's performance, which of the following is accurate?

- A. An increase in firm's profits will increase both Singapore's and Malaysia's GNP.
- B. An increase in firm's profits will increase only Singapore's GNP.
- C. An increase in firm's profits will increase only Malaysia's GNP.
- D. An increase in firm's profits will increase neither Singapore's nor Malaysia's GNP.

14. According to scenario 7.2, if Aryan's compensation includes a bonus that depends on the company's profitability which of the following is accurate?

- A. An increase in firm's profits will increase both Singapore's and Malaysia's GNP.
- B. An increase in firm's profits will increase only Singapore's GNP.
- C. An increase in firm's profits will increase only Malaysia's GNP.
- D. An increase in firm's profits will increase neither Singapore's nor Malaysia's GNP.

15. Which of the following should we include when measuring GDP?

- A. Only the total value of goods and services that domestic producers sell to foreign countries.
- B. Only the total value of foreign goods and services that domestic consumers buy.
- C. The difference between the total value of goods and services that domestic producers sell to foreign countries and the total value of foreign goods and services that domestic consumers buy.
- D. The sum of the total value of goods and services that domestic producers sell to foreign countries and the total value of foreign goods and services that domestic consumers buy.

16. In 2014, Wesley bought a VW golf for \$120k. In 2022, he installed a new custom-made exhaust to the car for \$2,500 at a local shop. The exhaust, the good past maintenance of the car and current COE prices have increased the current value of the car to \$125k. Which of the following is true for 2022 Singapore's GDP, based on this info?
- A. It was not affected.
 - B. It increased by \$2.5k.
 - C. It increased by more than \$2.5k and less than \$5k.
 - D. It increased by \$5k.
 - E. It increased by \$125k.
17. Which of the following is NOT part of *I*, according to National Income Accounts?
- A. The purchase of land for future development by a real estate developer.
 - B. The payment of a mortgage by a homeowner.
 - C. The expansion of an existing factory by a manufacturing company.
 - D. An increase in spending on R&D by businesses.
18. SingAuto LLC sells new cars both to rental car companies and directly to consumers. Which of the following transactions would be registered directly in the National Income Accounts for production?
- A. The value of a new car sold to a consumer.
 - B. The value of a new car sold to a rental car company.
 - C. Both A and B.
 - D. None of the above.
19. Which of the following should you use to compare people's prosperity between Venezuela and Cambodia for the last 5 years?
- A. Total GDP.
 - B. Total real GDP.
 - C. Real GDP growth.
 - D. GDP per capita.
 - E. Real GDP per capita.
 - F. Real GDP per capita PPP.
20. Which of the following countries is most likely to have a higher GDP in the future?
- A. A country that decreases its consumption expenditure in order to increase its investment expenditure.
 - B. A country that produces less consumption goods and more capital goods.
 - C. A country that has a growing workforce.
 - D. A country that improves its education system.
 - E. All of the above.

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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