

## Homework 7

Due on 22/10/2024, 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 G10-11-12-13'. 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** or else 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. In 2023, Amanda bought a used 2020-Toyota Corolla from a car dealership. Which of the following would be included in the GDP for 2023?
  - A. The price of the car in 2020.
  - B. The price of the car in 2020 minus its depreciation.
  - C. The price Amanda paid for the car in 2023.
  - D. The commission of the car dealership.
2. Which of the following could decrease nominal GDP but increase real GDP?
  - A. A fall in prices and an increase in production.
  - B. A fall in prices and in production.
  - C. An increase in prices and a fall in production.
  - D. An increase in prices and in production.
3. Why do some countries include unlawful activities in their GDP?
  - A. It decreases inequality.
  - B. It alters citizens' mindset regarding these activities.
  - C. It improves the country's credit potential in international bond markets.
  - D. All of the above.
4. A country's real GDP increases but average prosperity worsens. Which of the following could be the reason?
  - A. Inequality.
  - B. Deterioration of labor rights.
  - C. Increase in taxes.
  - D. All of the above.
5. Giuseppe produces and sells gelato. Which of the following should we subtract from his revenue to calculate the contribution of his production to GDP?
  - A. The salaries he pays to his employees.
  - B. His profit.
  - C. The depreciation of his equipment.
  - D. The rent.
  - E. The value of milk he buys to make gelato.
  - F. All of the above.

6. A large number of high skilled workers immigrate from Italy to Switzerland. Which of the following could happen?
- A. Switzerland's GDP per capita will increase.
  - B. Switzerland's GDP per worker will increase.
  - C. Both A and B.
  - D. None of the above.
7. Dr. Lee, a professor in SMU, has ordered a Lenovo laptop directly from a Chinese supplier for \$1,000 and free shipping. Which of the following is true for the National Accounts of Singapore?
- A. The transaction does not increase Singapore's GDP.
  - B. The transaction increases  $M$  by \$1,000.
  - C. The transaction increases  $C$  by \$1,000.
  - D. All of the above.
8. Which of the following should happen to a country so that its GDP from the side of expenditure will be lower than the GDP from the side of production?
- A. High inflation.
  - B. Increase in population.
  - C. High interest rates.
  - D. It is not possible.
9. In 2023, an Australian construction company built \$2B worth of houses. However, due to the shortage in mortgages, only \$1.4B of those houses were sold in 2023, and the remaining \$0.6B were sold in 2024. How much did the company contribute to Australia's GDP in 2023?
- A. Around \$0.6B.
  - B. Around \$1.4B.
  - C. Around \$2B.
  - D. Around \$2.6B.
10. Which of the following will be included in  $I$  in the GDP equation?
- A. The purchase of an espresso machine by Starbucks.
  - B. The purchase of Bitcoin by an individual.
  - C. The purchase of a bond issued by Singapore's government by an individual.
  - D. All of the above.

*Good afternoon! Some basic economics of grades: A Singaporean dollar does not carry an equal value to a US dollar or a Russian Ruble. Similarly, a point in E&S does not carry the same value as a point you scored in some other course. Courses are not designed equal. In absolute terms, you cannot convince someone that 71 may be more than 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.*

*Kosmas*