

Homework 7

Due on 18/3/2025, 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 G13-14-15-16'. 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. Which of the following could be a reason why a real GDP understates prosperity?
 - A. GDP does not account for the underground markets.
 - B. Real GDP does not include barter transactions.
 - C. Both A and B.
 - D. None of the above.
2. The Malaysian government borrows \$500M from a bank in Japan. Which of the following will be the result of the loan on Malaysia's GDP?
 - A. It will fall.
 - B. It will increase.
 - C. It will not be affected.
3. During 2022, a manufacturer sold to consumers \$10M worth of cars produced in 2022 and \$3M worth of cars produced in 2021. How much did the manufacturer contribute to the country's GDP in 2022?
 - A. Around \$3M.
 - B. Around \$7M.
 - C. Around \$10M.
 - D. Around \$13M.

Scenario 7.1: Greek olive oil producers produced 100M euros worth of olive oil. Italian refineries bought the olive oil, bottled it in Italian bottles and then sold 300M euros worth of olive oil to supermarkets based in Italy and 200M euros worth of olive oil to supermarkets based in Greece. Supermarket owners in each country sold the olive oil to their local markets for a net profit of 100%.

4. 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.

5. According to scenario 7.1, GDP of Italy 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.
6. A realtor estimated my house in Athens at 330K euros. After I spent 40K euros on renovations, I invited the realtor again and he re-estimated the house at 420K euros. By how much do all these increase the GDP of Greece?
- A. By around 0 euros.
 - B. By around 40K euros.
 - C. By around 90K euros.
 - D. By around 330K euros.
 - E. By around 420K euros.
 - F. By around 460K euros.
7. Which of the following is likely to increase a country's GDP in the future?
- A. Improving its education system.
 - B. Producing less consumption goods and more capital goods.
 - C. Both A and B.
 - D. None of the above.
8. Peter helped Billy to paint a flat. Billy charged the landlord \$600 for the work and paid Peter \$100 for his help. How much GDP has been generated by the paintjob?
- A. Around 0.
 - B. Around \$100.
 - C. Around \$500.
 - D. Around \$600.
 - E. Around \$700.
9. Which of the following may cause real GDP to be overinflated?
- A. A negative externality.
 - B. A positive externality.
 - C. Inflation.
 - D. Unemployment.
10. Which of the following is true?
- A. The world map exhibits clusters of poor and wealthy countries.
 - B. Flawed democracies tend to be poorer on average.
 - C. GDP per worker will always exceed GDP per capita.
 - 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