

Homework 7

Due on 17/3/2026, 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 G10-11-12-13-14-15'. 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 is a part of Malaysia's GDP?
 - A. The salary earned by a Malaysian who works in Malaysia.
 - B. The salary earned by a Singaporean who works in Malaysia.
 - C. The profit of an Indonesian company that operates in Malaysia.
 - D. All of the above.

2. A developer builds a house in the beginning of 2024 and sells it shortly thereafter to a private individual. Later in 2024, the buyer resells this house for 10% more to another private individual. Which of the following is true?
 - A. Only the first sale is included in 2024 GDP.
 - B. Only the second sale is included in 2024 GDP.
 - C. Both sales are included in 2024 GDP.
 - D. Neither sale is included in 2024 GDP.

Table 7.1

Consumption Expenditure	\$300 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

3. Refer to table 7.1. How much is the country's GDP?
 - A. Around \$550 billion.
 - B. Around \$600 billion.
 - C. Around \$650 billion.
 - D. Around \$700 billion.
 - E. Around \$750 billion.
 - F. Around \$800 billion.
 - G. Around \$850 billion.
 - H. Around \$900 billion.

4. Which of the following could cause nominal GDP to increase, but real GDP to decrease?
- A. An increase in the price level and an increase in the quantity of final goods and services produced.
 - B. A decrease in the price level and an increase in the quantity of final goods and services produced.
 - C. An increase in the price level and a decrease in the quantity of final goods and services produced.
 - D. A decrease in the price level and a decrease in the quantity of final goods and services produced.
 - E. An increase in nominal GDP and a decrease in real GDP cannot occur simultaneously.
5. Which of the following is most likely to be a reason for increased productivity in an economy?
- A. Large physical capital stock.
 - B. High inflation.
 - C. A large population.
 - D. Low unemployment.
6. Which of the following is considered investment (I), according to National Income Accounts on Expenditure?
- A. The purchase of a new laptop by a household.
 - 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.
7. An economy produces only goods A and B.
In year 1: 500 units of good A and 800 units of good B are produced, at prices \$280 for A and \$50 for B.
In year 2: 600 units of good A and 900 units of good B are produced, at prices \$320 for A and \$60 for B.
If year 1 is used as the base year for calculating GDP, what was the real GDP of the economy in year 2?
- A. Around \$180,000.
 - B. Around \$213,000.
 - C. Around \$255,000.
 - D. Around \$292,000.
8. Which of the following could be a reason why real GDP understates the actual citizens' well-being?
- A. Because real GDP includes the value of illegal goods and services.
 - B. Because real GDP includes the value of goods and services that are used to repair damage caused by wars or disasters.
 - C. Because real GDP accounts for negative externalities such as pollution.
 - D. Because real GDP does not include leisure.
9. Which of the following is considered a final good?
- A. A screwdriver purchased by a professional plumber.
 - B. A camera purchased by a photography enthusiast.
 - C. A computer purchased by a public library.
 - D. All of the above.
 - E. None of the above.

10. The CPI basket consists of 15 kilos of apples and 10 kilos of oranges. In Year 1, the price of both apples and oranges is \$2 per kilo. In Year 2, the price of apples rises to \$2.50 and the price of oranges to \$4. Using Year 1 as the base year, calculate the Consumer Price Index (CPI) for Year 2.
- A. Around 100.
 - B. Around 125.
 - C. Around 155.
 - D. Around 180.

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.

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