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Problem Set 3

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Refer to the information provided in Table 6.3 below to answer the questions that follow.

Table 6.3

	\$Billions
Compensation of employees	625
Proprietors' income	70
Corporate profit	50
Net interest	40
Rental income	15
Depreciation	90
Indirect taxes	35
Direct taxes	60
Subsidies	10
Payments of factor income to the rest of the world	25
Receipts of factor income from the rest of the world	20

- 1) Refer to Table 6.3. The value for national income in billions of dollars is:
A) 750. B) 800. C) 710. D) 825.
- 2) Refer to Table 6.3. The value for gross domestic product in billions of dollars is:
A) 800. B) 975. C) 720. D) 920.
- 3) Refer to Table 6.3. The value of net factor payments to the rest of the world is:
A) 45. B) -45. C) -5. D) 5.
- 4) Refer to Table 6.3. The value of disposable income is:
A) 710.
B) 625.
C) 800.
D) cannot be calculated given the information in Table 6.3

- 12) Refer to Table 6.4. The value for national income in billions of dollars is:
 A) 1,000. B) 930. C) 1,080. D) 970.
- 13) Refer to Table 6.4. The value for personal income in billions of dollars is:
 A) 1,050. B) 970. C) 900. D) 940.
- 14) Refer to Table 6.4. The value for disposable personal income in billions of dollars is:
 A) 950. B) 870. C) 800. D) 840.
- 15) If GNP is \$625 billion, receipts of factor income from the rest of the world are \$25 billion, and payments of factor income to the rest of the world are \$50 billion, then GDP is:
 A) \$700 billion. B) \$650 billion. C) \$600 billion. D) \$550 billion.
- 16) If GNP is \$450 billion, receipts of factor income from the rest of the world are \$20 billion, and payments of factor income to the rest of the world are \$5 billion, then GDP is:
 A) \$435 billion. B) \$425 billion. C) \$430 billion. D) \$475 billion.
- 17) If NNP is \$240 billion and depreciation is \$30 billion, then GDP:
 A) is \$270 billion. B) is \$210 billion.
 C) is \$240 billion. D) cannot be determined from this information
- 18) If GDP is \$300 billion, depreciation is \$50 billion, and net factor income from the rest of the world is -\$40 billion, then net national product is:
 A) \$310 billion. B) \$250 billion. C) \$290 billion. D) \$210 billion.
- 19) National income minus the amount of national income not going to households is:
 A) interest income. B) personal income.
 C) proprietor's income. D) disposable income.
- 20) If National income is \$300 billion, personal income is \$375 billion, personal taxes are \$75 billion, then disposable income equals:
 A) \$300 billion. B) \$450 billion. C) \$375 billion. D) \$225 billion.
- 21) A depression is:
 A) a prolonged and deep recession. B) most common in an expansionary economy.
 C) a general increase in the price level. D) deflation with economic growth.
- 22) Which of the following is *not* considered economic capital?
 A) 1000 U.S. dollars
 B) a tractor produced by John Deere
 C) the knowledge an individual acquires through education
 D) a factory a company builds to produce other output