

Name: _____

SSN: _____

You will have 25 minutes to complete this quiz. It consists of 3 long question, each with a couple of parts, and 4 multiple choice questions. The total point value is 50, of which 18 points come from questions out of the suggested problems as promised. Good Luck.

Long Questions:

1. Place the following transactions into the correct category for calculating 1999 U.S. GDP. Place the correct abbreviation on the line at the end of each transactions. Possible Answers: Consumption (C); Investment (I); Government Expenditures (G); Exports (EX); Imports (IM); Not Included in this measure (N/A). (2 points each)
 - a. You purchase a 6 pack of Budwiser on 4/23/99 with a Born on Date of 10/27/98. _____
 - b. You purchase a birthday cake from Lucky's in Davis on 9/23/99. _____
 - c. On 10/25/99, G St. Pub, a bar in Davis, purchases a bottle of Jack Daniels Whiskey which will be used to make drinks for their customers. _____
 - d. U.C. Davis pays me for proctoring this quiz. _____
 - e. A 2000 Ford Mustang is made on 10/31/99, stays at the factory until it is shipped to a Ford Dealership in Mexico on 2/29/99. _____
 - f. The U.S. Government gives retirees their social security check on 3/26/99. _____
 - g. The U.S. Government sells a brand new tank to the Canadian Army. _____

- 2) Given the following information, calculate the following economic statistics. (3 points each)

	1999		2000	
	Price	Quantity	Price	Quantity
Costumes	\$10	10	\$15	20
Candy	\$1	50	\$2	50

 - a. Nominal GDP for 1999

 - b. Nominal GDP for 2000

 - c. Real GDP for 1999, base year 2000.

 - d. Real GDP for 2000, base year 2000.

 - e. GDP Deflator for 2000

3. Supply & Demand (3 point each)

- a. In the area below draw a typical Supply and Demand graph for a private university education.
- b. Suppose the tuition charged by public university's increases, show the affect on your graph.
- c. What happened to tuition at private university, and what happened to the equilibrium quantity of private education.

Multiple Choice: (3 point each)

1. "Our new stadium was built on land that was donated to our university by a wealthy alum. The university didn't have to buy the land, so the cost of the stadium equals the construction cost." Which of the following best describes this statement?
 - a. True
 - b. False because of the reality principle.
 - c. False because of the marginal principle.
 - d. False because of the principle of opportunity cost.
2. Consider the market for personal computers. The government imposes a \$100 tax on each computer sold, what do you expect to happen to price and quantity at equilibrium, relative to the equilibrium level prior to the tax.
 - a. Price increases and quantity increases.
 - b. Price increases and quantity decreases.
 - c. Price decreases and quantity increases.
 - d. Price decreases and quantity decreases.
3. You are a mayor of a large city, and you must decide how many police officers to hire. Which principle will most help you make your decision.
 - a. Principle of opportunity cost.
 - b. Spillover Principle.
 - c. Marginal Principle.
 - d. Reality Principle.
4. CPI overstates inflation because:
 - a. Political maneuvering has made it so, because politicians wanted the elderly vote.
 - b. The quantity of goods and services changes over time.
 - c. The quality of goods and services change over time.
 - d. The price of goods or services changes over time.