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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
Deprecation	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	1 20

Receipts	of factor filediffe from	if the lest of the world	
1) Refer to Table 6.3. The A) 750.	value for national income i B) 800.	in billions of dollars is: C) 710.	D) 825.
2) Refer to Table 6.3. The A) 800.	value for gross domestic p B) 975.	roduct in billions of dollars is: C) 720.	D) 920.
3) Refer to Table 6.3. The A) 45.	value of net factor paymen B) -45.	ts to the rest of the world is:  C) -5.	D) 5.
4) Refer to Table 6.3. The A) 710.	value of disposable income	e is:	ŕ
B) 625. C) 800.			
D) cannot be calcula	ited given the information	in Table 6.3	

5) If receipts of factor in world, then:	ncome from the rest of the wo	rld are less than payments of f	actor income to the rest of the
A) GDP equals G	NP.	B) GDP is greater the	han GNP.
C) GNP equals N		D) GNP is greater t	
<b>6)</b> Depreciation is:			
• •	between exports and imports.		
B) added to NNP	to get GNP.		
C) subtracted from	m net investment to obtain gro	oss investment.	
D) added to GDP	to get gross investment.		
7) The yearly value of v	worn out machinery is called:		
A) capital gains.		B) net investment.	
C) non-durable g	Joods.	D) depreciation.	
8) The amount of the ca	apital stock at the beginning o	f the period plus gross investn	nent minus depreciation is
A) non-residentia	al investment.	B) the change in ca	pital stock.
C) gross national		D) the value of dura	
Refer to the information provide	ed in Table 6.4 below to answ	er the questions that follow.	
	Tab	ole 6.4	
		\$	Billions
Depred	iation		10
Receip	ts of factor income from	the rest of the world	30
Govern	nment purchases		120
Import	S		20
Payme	nts of factor income to t	he rest of the world	30
150	vate domestic investme		200
•	al taxes		100
person	al consumption expend	itures	650
Divide	• •		15
Export			50
	nt of national income no	t going to households	30
0) Defer to Table 6.4. Th	ne value for GDP in billions of	dollars is:	
A) 1,000.	B) 1,010.	C) 960.	D) 1,060.
A) 1,000.	<b>b)</b> 1,010.	<b>G)</b> 700.	D) 1,000.
10) Refer to Table 6.4. Th	ne value for GNP in billions of	f dollars is:	
<b>A)</b> 940.	B) 1,010.	C) 960.	D) 1,070.
11) Refer to Table 6.4. Th	ne value for NNP in billions of	f dollars is:	
<b>A)</b> 1,080.	B) 970.	C) 930.	D) 1,000.

12) Refer to Table 6.4. The value	for national income in bi	llions of dollars is:	
<b>A)</b> 1,000.	B) 930.	C) 1,080.	D) 970.
13) Refer to Table 6.4. The value	for personal income in b	illions of dollars is:	
<b>A)</b> 1,050.	B) 970.	C) 900.	D) 940.
14) Refer to Table 6.4. The value	for disposable personal i	ncome in billions of dollars is	S:
<b>A)</b> 950.	B) 870.	C) 800.	<b>D)</b> 840.
15) If GNP is \$625 billion, receipt factor income to the rest of th			illion, and payments of
A) \$700 billion.	B) \$650 billion.	C) \$600 billion.	D) \$550 billion.
16) If GNP is \$450 billion, receipt factor income to the rest of th			illion, and payments of
<b>A)</b> \$435 billion.	B) \$425 billion.	C) \$430 billion.	D) \$475 billion.
17) If NNP is \$240 billion and de	preciation is \$30 billion,	then GDP:	
A) is \$270 billion.		B) is \$210 billion.	
C) is \$240 billion.		D) cannot be determine	ned from this information
18) If GDP is \$300 billion, deprec		net factor income from the re	st of the world is -\$40
A) \$310 billion.	B) \$250 billion.	C) \$290 billion.	D) \$210 billion.
19) National income minus the a	mount of national incom	e not going to households is:	
A) interest income.		B) personal income.	
C) proprietor's income.		D) disposable income	
20) If National income is \$300 bil disposable income equals:	lion, personal income is	\$375 billion, personal taxes a	re \$75 billion, then
A) \$300 billion.	B) \$450 billion.	C) \$375 billion.	D) \$225 billion.
21) A depression is:			
A) a prolonged and deep i	recession.	B) most common in a	n expansionary economy
C) a general increase in th	e price level.	D) deflation with economic growth.	
22) Which of the following is <i>not</i> A) 1000 U.S. dollars		pital?	
B) a tractor produced by J		advection	
C) the knowledge an indiv			