**ECON 206- Worksheet 1**

1. Assume that GDP = 4,800, consumption = 3,400, private domestic savings = 400, government purchases = 1,200, and net exports = -120.

a. What is the disposable income?

b. What is the private domestic investment?

c. What is the budget deficit?

2. If the nominal interest rate on a government bond is 8% and the rate of inflation is 4%, what is your real rate of return on this government bond?

3. If nominal GDP was about $500 billion and real GDP was about $2,500 billion in 2019, what was the GDP-deflator for that year?

4. If nominal GDP was about $600 billion and real GDP was about $2,400 billion in 1962, what was the GDP-deflator for that year?

5. Assume government purchases = $1,500, the budget deficit = $160, consumption = $4,200, private domestic saving = $1,250, the trade deficit = $100, and transfer payments = $0. What is the

a. private domestic investment?

b. national income?

c. disposable income?

6. If national income is 6,200, disposable income is 5,400, consumption is 4,400, the trade deficit is 150, and the budget deficit is 250, what is the level of private domestic investment?

7. If private domestic saving is 960, private domestic investment is 780, and the government spends 300 more than it receives in tax revenues, then what is the net export?

8. If private domestic saving exceeds private domestic investment by $200 billion and government spending exceeds tax revenue by $640 billion, what can we say about net exports?

9. Calculate the values for government purchases (G), private domestic saving (S), and private domestic investment (I) from the following information (all variables are in billions of dollars).

 national income Y = 5,200 budget deficit BuD = 150

 disposable income YD = 4,400 trade deficit TD = 110

 consumption C = 4,100

10. Assume last year's real GDP was $7,000 billion, this year's nominal GDP is $8,820 billion, and the GDP-deflator for this year is 120. What was the growth rate of real GDP?

11. Calculate the values for government purchases (G), private domestic saving (S), and investment (I) from the following information. Show all your work.

 national income Y = 11,500 budget surplus BuS = -1,470

 disposable income YD = 9,450 net exports NX = - 730

 consumption C = 7,540

12. From the following information calculate the value of government purchases (G), consumption (C), and private domestic investment (I) (all variables are in billions of dollars).

 national income Y = 6,000 tax revenues TA = 1,500

 private domestic saving S = 1,000 transfer payments TR = 700

 net exports NX = - 120 budget deficit BuD = 230

13. Suppose a country’s CPI increased from 2.1 to 2.3 in the course of 1 year. Use this fact to compute the rate of inflation for that year.

14. Assume exports= $500, imports =$600, tax revenues =$1100, government purchases = $1400, private domestic saving = $1000. What is the level of private domestic investment?

15. If private domestic saving is 860, private domestic investment is 680 and the government spends 400 more than it receives in tax revenues, then it follows that the trade deficit/surplus is………………

16. In 2014, U.S. GDP was $6,931, GNP was $6,922, NNP was $6,104, and national income was $5,495 (all numbers are in billions of dollars). What was the amount of depreciation?

17. Assume a Turkish dealer bought 100 TVs from Japan for $250 each in 2012. He subsequently sold 80 of them in 2012 for $450 each, and the rest in 2013 for $400 each. By how much was the Turkish GDP affected in 2012?

18. If C = $500, I = $150, G = $100, NX = $40, and GNP = $800, how much is NFP?

19. The country of Old Jersey produces milk and butter, and it has published the following

macroeconomic data, where quantities are in gallons and prices are dollars per gallon.



a. Calculate Nominal GDP for Year 1 and Year 2.

b. Between Year 1 and Year 2, nominal GDP grew by………….

c. Calculate Real GDP for Year 2 (based on Year 1 as a base year)

20. If the expected inflation rate was 2.5%, the expected real interest rate was 4.0%, and the real interest rate turned out to be 5.1%, then what was the actual inflation rate?

21. GDP = $5000

Depreciation = $100

Sales taxes = $200

Social Security taxes = $100

Retained earnings = $50

Transfer Payments = $50

Interest on government debt = $200

Personal income taxes = $300

a. NDP =?

b. NI =?

c. PI =?

d. Personal disposable income =?