

## Section Exercise for March 28 and 29

Part 1: Are the following included in GDP?

1. Wage of a nanny whose job is to look after children
2. A child who looks after his younger siblings.
3. Meat obtained by hunting.
4. Meat sold by a farm.
5. A diamond ring sold at a garage sale.
6. Salary of teachers at a private school.
7. Salary of teachers at a public school.
8. The time parents spend home schooling their children.
9. Flour used by Dunkin Donuts to make donuts.
10. Donuts sold by Dunkin Donuts.
11. A newly constructed car factory.
12. A newly made gold ring, whose gold was mined long ago.
13. Sale of a used car.
14. Cost of fixing a used car.
15. Expected lifetime income of a child born this year.

Part 2: GDP Change Calculation  
Assume 2000 is base year.

1. In 2000, 10 puppies were sold at the price of \$5 each. In 2016, 10 puppies were sold at \$ each. Is this an increase or a decrease in nominal GDP? Is this an increase or a decrease in real GDP?
2. In 2000, 20 pizzas were sold for \$1 each. In 2016, 20 pizzas were sold at \$.50 each.
3. In 2000, seven chairs were sold for \$7 each. In 2016, 14 chairs were sold for \$7 each.
4. In 2000, 100 swords were sold for \$2 each. In 2016, 100 swords were sold for \$3 each.
5. In 2000, 40 barrels of oil were sold at \$100 each. In 2016, 40 barrels were sold at \$50 each.
6. In 2000, 100 bushels of corn were sold at \$5 each. In 2016, 201 bushels of corn were sold at \$5 each.
7. In 2000, 4 rugs were sold for \$100 each. In 2016, 8 rugs were sold at \$50 each.
8. In 2000, one million lanterns were sold at \$2 each. In 2016, one million lanterns were sold at \$1.
9. In 2000, 50 heart surgeries were performed at \$100,000 each. In 2000, 100 surgeries were performed at \$100,000 each.

10. In 2000, one spaceship was sold for \$9 billion. In 2016, one spaceship was sold for \$10 billion
11. In 2000, 60 crates of strawberries were sold for \$3 each. In 2016, 60 crates of strawberries were sold for \$6 each.
12. In 2000, 5 million teddy bears were sold at \$10 each. In 2016, 10 million teddy bears were sold at \$10 each.
13. In 2000, one thousand cell phones were sold at \$100 each. In 2016, ten thousand cell phones were sold at \$100 each.
14. In 2000, ten million CDs were sold for \$15 each. In 2016, ten million CDs were sold at \$10 each.
15. In 2000, eleven giraffes were sold for \$1 million each. In 2016, zero giraffes were sold..