

Econ 102, Section 100

NAME: (print) _____

Exam I, Form 2

UM ID # _____

Econ 102/100

First Midterm Exam

February 8, 2007

Section	Day	Time	Location	GSI
101	Friday	2:30-4	142 Lorch	JB
102	Friday	11:30-1	269 Dennison	Sue
103	Friday	1-2:30	430 Dennison	Angus
104	Friday	10-11:30	B239 EH	Sue
105	Friday	2:30-4	B239 EH	Angus
106	Friday	10-11:30	B247 EH	Omar
107	Friday	1-2:30	315 Dennison	JB
108	Friday	11:30-1	455 Dennison	Omar
109	Friday	11:30-1	130 Dennison	Brian

Instructions

- Do NOT open this exam booklet until instructed to do so!
- Please take a moment to complete the identification information on the scantron. Indicate your NAME, discussion SECTION number, FORM number, and UM ID number. **THIS IS WORTH TWO POINTS ON THE EXAM!**
- The exam has 100 points and is designed to take about 60 minutes to complete. However, you'll have approximately 80 minutes. Check that you have all xx pages of the exam.
- Read the questions and these instructions carefully!
- Use the space provided in this booklet and the back of the pages to work out the answers to the multiple choice problems. Use the space provided on the actual page for the short answer questions.
- You can use only NON-graphing calculators.
- For multiple choice questions, you get 3 points for a correct answer, 0 points for a blank, and 0 points for a wrong answer. There are NO penalties for guessing.
- Sign the honor code below!

Honor Code: I did not use any unauthorized aid on this exam.

Signature: _____

Part I: Multiple Choice: (26 questions, 3 pts each = 78 pts)

Pick the best answer among the given choices.

1. Suppose GDP per worker is held constant. If demographic shifts result in a higher proportion of old people in the population, what is the effect on GDP per capita? (Assume old people do not work).
 - a) No effect.
 - b) Increase.
 - c) Decrease.
 - d) GDP per worker and GDP per capita refer to the same thing.
 - e) Insufficient information.

2. Suppose the stocks of physical capital, human capital, natural resources, and the level of technology are all held constant. Which of the following is true?
 - a) An increase in the labor force leads to an increase in total output and output per worker.
 - b) An increase in the labor force leads to a decrease in total output and output per worker.
 - c) An increase in the labor force leads to an increase in total output but a decrease in output per worker.
 - d) An increase in the labor force leads to a decrease in total output but an increase in output per worker.
 - e) An increase in the labor force has no effect on total output and output per worker.

3. Which of the following reasons could be put forth to argue that the Real Gross Domestic Product is not a perfect measure of the economic well-being of a country?
 - i. It includes positive externalities such as spillovers in advertising from private firms.
 - ii. It excludes earnings of foreign investors.
 - iii. It overstates the impact of the underground economy.
 - iv. It leaves out the goods and services produced within households.
 - v. It doesn't take into account the effects of polluting means of production.
 - vi. Money doesn't bring happiness.
 - vii. It doesn't account for leisure.
 - a) iv, v, and vii
 - b) i, iv, v, and vi.
 - c) ii, iii, and vii
 - d) iii, iv, and v
 - e) i, ii, iv, vi, and vii.

4. Using data from the following table, compute the Real GDP for the year 2003 using the year 2005 as the base year.

	Quantities		
Item	2003	2004	2005
Shrimp	35	30	55
Shoes	4	6	6
Silverware	6	8	4

	Prices		
Item	2003	2004	2005
Shrimp	\$15	\$20	\$25
Shoes	\$115	\$120	\$165
Silverware	\$40	\$40	\$45

- a) \$1805
- b) \$1675
- c) \$1225
- d) \$2545
- e) \$1765

5. Using data from the following table, compute the GDP Deflator for the year 2005 using the year 2003 as the base year.

	Quantities		
Item	2003	2004	2005
Shrimp	35	30	55
Shoes	4	6	6
Silverware	6	8	4

	Prices		
Item	2003	2004	2005
Shrimp	\$15	\$20	\$25
Shoes	\$115	\$120	\$165
Silverware	\$40	\$40	\$45

- a) 151.94
- b) 65.81
- c) 87.46
- d) 145.55
- e) 107.03