1. Under production method, clothes produced in China by a US-owned company, American Eagle, are counted in China’s GDP.
2. True b) False
3. GDP decreased by 1.1% in 2010. In the same year, there was decrease in leisure activities.
4. GDP understates living standards b) GDP overstates living standards
5. Purchase of a new office building is part of:
6. Personal expenditure b) Private-sector Investment c) Government expenditure

d) Net Exports

1. Which is NOT included in GDP?
2. A son receives $200 check from working at his dad’s company c) RiverRock Casino’s profit
3. Employment insurance benefits d) Parks Accounting Firm receives $100 cash from a customer
4. The income actually received by households
5. GDP b) GNP c) NPI d) PI
6. Trees are sold by logging company to a paper producer for 75 cents. The papers are then sold to a retailer for $1.50. Finally, the retailer sells the papers to the final consumer for $2.00. Explain how this product appears in GDP, using the concept of value-added. In each stage, indicate: revenue, value-added, and business that adds value. [4 marks]

|  |  |
| --- | --- |
|  | $ in billions |
| Corporate profitsExportsWages and salariesNet investmentGovernment purchasesGovernment transfer paymentsNet investment income to the rest of the worldIndirect taxesPersonal consumptionInterest incomeImportsDepreciationProprietors’ incomes and rentsPersonal taxes Earnings not paid out to personsStatistical discrepancy | 70405501209040(20)30510452060404540? |

1. Looking at above table,
2. Find income-based and expenditure-based estimates of Canada’s (2011) GDP. [10 marks]
3. Outline how the statistical discrepancy between the two estimates in part (a) can be used to find single GDP value. [2 marks]
4. How much is Canada’s capital stock expanding or contracting in 2011? [3 marks]
5. Find GNP and DI. [5 marks]