**Part A**

**Which of the following are included and which are excluded in calculating GDP? Explain your decisions.**

1. A monthly check received by an economics student who has been granted a government scholarship \_\_\_\_\_
2. A farmer’s purchase of a new tractor \_\_\_\_\_
3. A plumber’s purchase of a two-year-old used truck \_\_\_\_\_
4. Cashing a U.S. government bond \_\_\_\_\_
5. The services of a mechanic in fixing the radiator on his own car \_\_\_\_\_
6. A Social Security check from the government to a retired store clerk \_\_\_\_\_
7. An increase in business inventories \_\_\_\_\_
8. The government’s purchase of a new submarine for the Navy \_\_\_\_\_
9. A barber’s income from cutting hair \_\_\_\_\_
10. Income received from the sale of Nike stock \_\_\_\_\_

**Part B**

**For each of the following items, write one of the following in the space provided:**

**C if the item is counted as consumption spending.**

**I if the item is counted as investment spending.**

**G if the item is counted as government spending.**

**NX if the item is counted as net exports.**

**NC if the item is not counted in GDP.**

1. You spend $7.00 to attend a movie. \_\_\_\_\_
2. A family pays a contractor $100,000 for a house he built for them this year. \_\_\_\_\_
3. A family pays $75,000 for a house built three years ago. \_\_\_\_\_
4. An accountant pays a tailor $175 to sew a suit for her. \_\_\_\_\_
5. The government increases its defense expenditures by $1,000,000,000. \_\_\_\_\_
6. The government makes a $300 Social Security payment to a retired person. \_\_\_\_\_
7. You buy General Motors Corp. stock for $1,000 in the stock market. \_\_\_\_\_
8. At the end of a year, a flour-milling firm finds that its inventories of grain and flour are $10,000 above the amounts of its inventories at the beginning of the year. \_\_\_\_\_
9. A homemaker works hard caring for her spouse and two children. \_\_\_\_\_
10. Ford Motor Co. buys new auto-making robots. \_\_\_\_\_
11. You pay $300 a month to rent an apartment. \_\_\_\_\_
12. Apple Computer Co. builds a new factory in the United States. \_\_\_\_\_
13. R.J. Reynolds Co. buys control of Nabisco. \_\_\_\_\_
14. You buy a new Toyota that was made in Japan. \_\_\_\_\_
15. You pay tuition to attend college. \_\_\_\_\_

**For each of the following situations, put the appropriate letter before the example.**

**F** if it is an example of frictional unemployment.

**C** if it is an example of cyclical unemployment.

**S** if it is an example of structural unemployment.

1. A Wisconsin construction worker cannot find work in the winter \_\_\_\_\_
2. A steelworker is laid off because of a long recession \_\_\_\_\_
3. A computer programmer quits her job in Chicago to look for a new job in San Diego \_\_\_\_\_
4. A store clerk loses her job because sales are slow during a business slump \_\_\_\_\_
5. A high school dropout applies for several jobs but is told each time that he is not qualified \_\_\_\_\_
6. An unemployed college senior is looking for her first job \_\_\_\_\_
7. An unemployed auto worker has been replaced by a robot \_\_\_\_\_
8. A computer programmer is laid off because of a recession. \_\_\_\_\_
9. Advances in technology make the assembly-line worker’s job obsolete. \_\_\_\_\_
10. Slumping sales lead to the cashier being laid off. \_\_\_\_\_
11. An individual refuses to work for minimum wage. \_\_\_\_\_
12. Workers are laid off when the local manufacturing plant closes because the product made isn’t in demand \_\_\_\_\_
13. A skilled glass blower becomes unemployed when a new machine does her job faster. \_\_\_\_\_