

Intro-Intermediate Macroeconomics 2014  
College of International Studies  
Problem Set # 1

Due: April 22 at the beginning of the class

Instruction

1. Answer the following questions. When you turn in your home work, you need to make the photocopy of your answer and keep the photocopy with you in the class. And submit the original of your answer to me so that we can discuss the answer of your homework in class after you submit. Also keep your photocopy of your answer since the return of the homework can be late.

2. The submission of the homework is used as a check of the attendance of the class. Thus, you can submit your own homework, but you are not allowed to submit your friend's homework.

3. It is highly encouraged to discuss the answer of your homework with the member of your study group. However, you need to submit your own answer after discussing the answer with your member of your study group.

Questions

1. First, go to library and find the annual report on National Account (kokumin keizaikeisan Nenpo) of 2010.

Note that there are two types of tables on the annual report on National Account. One is the table based on the calendar year and the other is the table based on the fiscal year. The calendar year is from January to December. The fiscal year is from April to March.

(1) How much is GDP of 2008 of calendar year with current price ?

(2) How much is capital depreciation of calendar year of 2008 year with current price?

(3) How much is the total income earned in this economy in calendar year 2008 with current price ?

(4) Attach the photocopy of the relevant pages that shows those numbers.

(5) Check that the GDP is equal to total income earned + depreciation + tax on producer.

2. The following question is the group discussion question. Discuss the answer of the following questions in the group. List the names of the participants of your group. Write the conclusion after the discussing the following questions.

First read the text page 22-23. Then, answer the following questions

(1) In developing countries, farmer has a choice when they grow vegetables. They can sell in the market or they can eat by themselves. If they sell those vegetables in the market, it is included in GDP. Given this, how the government SHOULD treat the self-consumed vegetables by farmers.

(2) In developed countries, many people live in their own house (owner occupied housing). Those owner occupied housing is one of major, sometime only) assets for most of people. If those houses are rented out, the service provided by those houses are included in GDP. Of course, in reality, those houses are not rented. Instead, they are lived by the owners. How should the service of those owner occupied housing be treated ? Should it be included in GDP ? In practice, is it included in GDP? Answer.

(3). Sometimes in news we hear that GDP growth rate is 1 percent higher than is predicted or something like that. You might think why people worry about the fluctuation of just 1 percent. However, since Japanese GDP is about 500 trillion yen, 1 percent of Japanese GDP means 5 trillion yen. How large is this 5 trillion yen? Is it big or is it small? This question will help you to recognize the size of 5 trillion yen. Using the library and the internet, check the following number. For each question, you need to print out the internet page or the photocopy of the page of the book that shows the answer of the questions.

- (a) The cost of constructing Tsukuba express
- (b) Annual budget of the University of Tsukuba
- (c) The cost of making Chubu International Airport near Nagoya.
- (d) Annual expenditure of the self-defence force in Japan
- (e) Annual tax revenue of the Japanese government
- (f) Annual general expenditure of the Japanese government
- (g) Annual Social security benefit payment by the Japanese government
- (h) Annual sales of Mitsubishi motor company