ECONOMICS 101  
Columbia College  
QUIZ #3A  
Paul Geddes  
NAME: ____________  
ANSWERS  
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You MUST show work clearly.

1. (8 pts) Choose C, I, G, X, M or N (for none of the above) to show how the following transactions will be recorded in Canada’s GDP. Some transactions may require more than one answer.

A. [ ] A Japanese car company with a factory in Canada hires some more Canadian workers to expand production in their Canadian factory.

B. [ ] A Japanese company buys some new robots from Japan to expand production in their Canadian factory.

C. [ ] The government of Canada wants a Japanese factory in Canada to be successful and increase opportunities for Canadian workers. It pays the company $2000 for each Canadian worker it hires.

D. [ ] You buy a new truck (that was made in a Japanese owned factory in Canada) to deliver groceries for your business.

2. (24 pts) Our economy produces only three final goods. Use 2015 as the base year.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Good A</th>
<th>Good B</th>
<th>Good C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Price</td>
<td>Quantity</td>
<td>Price</td>
</tr>
<tr>
<td>2013</td>
<td>8</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>5</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>15</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

3. (5 pts) Suppose the GDP in today’s dollars rose by 5.3% while the GDP in 2007$ dollars rose from $522.8 to $543.4. What was the inflation rate?

\[
\text{Inflation rate} = \frac{\text{Change in price level}}{\text{Base year price level}} \times 100 = \frac{5.3}{1.037} \times 100 = 5.1\%
\]

4. (5 pts) You borrow $100 worth of beans (8 sacks) and promise to pay 8% (nominal) interest on your loan. If the price of beans rises by 5.6% how many sacks of beans will end your debt next year? (You can have a decimal amount of sacks)

\[
\text{New price of beans} = 1.056 \times 12.5 = 13.2\ 	ext{sacks}
\]

5. (8 pts) Suppose the participation rate is 68.4%. The number of people employed is 47.3 million. The unemployment rate is 6.3% and the population of our country is 99.0 million.

A. [ ] How many people are unemployed?

\[
\text{Unemployment} = \frac{473}{473 + 932} = 32\%
\]

B. [ ] How many people are unable to work?