Problem Set 1
Due at the start of class, Monday, September 13, 2004

If you know it, please put your TA’s name and your section letter on your answer sheet.

1. Short answer

   (a) Is the purchase of an existing share of IBM stock included in GDP? Why or why not?
   (b) Suppose a British citizen owns an apartment in New Haven. Is the rent she earns
        included in GDP? GNP? Explain briefly.
   (c) Describe the behavior of real GDP, the unemployment rate, and inflation during the
        1960s. Did the relationship among these three variables remain the same in the 1970s?
        Explain briefly.


3. Abel and Bernanke, page 58, Analytical Problem #3.

4. Abel and Bernanke, page 23, Working with Macroeconomic Data #1 (a) and (b).

5. Abel and Bernanke, page 59, Working with Macroeconomic Data #3.