CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT
ASSIGNMENT 1

Answers to this assignment are due back by Wednesday, March 9, 2022. You may work on this assignment alone or in pairs.

1. Measuring GDP

For each of the following cases, explain briefly what would happen to
  (i)   GDP as measured by the statistical office, and
  (ii)   the actual output of goods and services created in the economy.
  [Example] You make your own shirt. Answer: No change in measured GDP, because the output was not marketed; but the actual output of services has risen, because you took produced a shirt.
a) You were a regular customer at a local massage parlour, but now you have married the owner and get your massages for free.
b) You used to buy all your vegetables, but now you grow your own tomatoes and no longer need to buy any.
c) You leave your watch unguarded in a restaurant, and someone steals it.
d) You start up a business producing souvenirs, which you sell to tourists.

2. True or false?

Are the following statements true, false or uncertain? Explain.
a) National Income is the sum of *all* the incomes received during the year by people in the economy.
b) All of GDP could be consumed during the year without endangering the economy's capacity to produce in future years.
c) An increase in the sale of old houses during the year will raise the national income for that year.

3. Measuring Real GDP

Here are some figures for US Disposable Personal Income (DPI) per capita:

a) Express the DPI/capita figures for *each* year in *real* terms, first in 1990 prices, and then again in 2015 prices.
b) Is real disposable per capita income a good measure of wellbeing? Explain why or why not.

	DPI/cap ($ p.a.)	CPI (1983=100)
1911	328	9.9
1929	693	17.2
1932	390	13.8
1945	1,074	18.1
1960	2,083	30
1975	5,645	54
1990	17,234	131
2005	31,762	195
2015	42,025	237