

ASSIGNMENT II

- **Consider an economy with a widget producer, consumers and a government. The widget producer, produces 100 millions widgets which sell at a market price of \$5 per widget. 70 million widgets are purchased by consumers, 10 million are sold to the government and the remainder is stored as inventory. The widget producer pays \$150 million in wages and \$40 million in taxes. Consumers pay \$30 million in taxes. The government spends all tax revenues to hire workers and purchase widgets as an intermediate good into the production of public infrastructure. The widgets total \$50 million and wages total \$20 million. Calculate GDP using the product approach, expenditure approach and income approach.**