Chapter 7 – Measuring the Economy – Quick Quiz

CALCULATING GDP

 Answer the next question(s) on the basis of the following data. All figures are in billions of dollars:
 

65. Refer to the above data. GDP is:
A. $116.
B. $121.
C. $125.
D. $150.

66. Refer to the above data. NDP is:
A. $116.
B. $121.
C. $125.
D. $150.

138. Real GDP and nominal GDP differ because the real GDP:
A. is adjusted for changes in the volume of intermediate transactions.
B. includes the economic effects of international trade.
C. has been adjusted for changes in the price level.
D. excludes depreciation charges.

140. If nominal GDP rises:
A. real GDP may either rise or fall.
B. we can be certain that the price level has risen.
C. real GDP must fall.
D. real GDP must also rise.

5. Using the table below, in which year was there a recession?

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Nominal****GDP** | **Price****Index** |  |
| 1 | $ 550 | 140 |  |
| 2 | 560 | 145 |  |
| 3 | 590 | 150 |  |
| 4 | 600 | 152 |  |
| 5 | 620 | 155 |  |

A. year 2
B. year 3
C. year 4
D. year 5