ANSWERS - 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:
 

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

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

3. 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.

4. 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** | **RealGDP** |
| 1 | $ 550 | 140 | $ 393 |
| 2 | 560 | 145 | 389 |
| 3 | 590 | 150 | 393 |
| 4 | 600 | 152 | 395 |
| 5 | 620 | 155 | 400 |

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