Name:
Weekly Review 3 – Due Friday, 09/24
Bring to class, having attempted as much as possible
We will grade in class - Turn in corrected assignment to Blackboard after class
All questions 1 point each

1. Real GDP is nominal GDP adjusted for changes in…

    a) inventories.
    b) prices.
    c) net exports.
    d) intermediate goods.

2. What are the four components of GDP?

    a) consumption, investment, government spending, and net exports
    b) buying, selling, lending, stealing
    c) life, liberty, and the pursuit of happiness
    d) expenditure, income, production, value added

3. Between 1980 and 2012, real GDP grew and prices increased, so...

    a) nominal GDP decreased.
    b) nominal GDP increased less than inflation.
    c) nominal GDP increased less than real GDP.
    d) nominal GDP increased more than real GDP.

4. Econia had a nominal GDP of $1000 in 2017 and $2000 in 2018. The
    growth rate of real GDP was 50% (or 0.5). What was inflation?
    *Note: Inflation can be calculated as a "rate of change" between nominal and
    real GDP.*

    a) 1/5 or 20%
    b) ¼ or 25%
    c) 1/3 or 33.3%
    d) ½ or 50%

5. Consider Country A, which had a real GDP of $20 billion in 2013 and $21
    billion in 2014. What was its real GDP growth rate between 2013 and
    2014?

    a) 1%
    b) 2%
    c) 5%
    d) 10%

Indicate whether the following statements are true or false:

6. A motor vehicle manufactured in the United States but sold in Europe would represent an addition to the GDP of the United States.

7. An oil spill will contribute to an overall decline in economic growth.

8. GDP is the best measure of the health of the economy.

9. List an example of an activity that would increase GDP and decrease the quality of life:_____
_____

10. Explain how your answer in question 9 would lead to a decrease in GDP AND why that would decrease the quality of life: _____
_____
_____