

**Study Questions for Chapter 7 - Part II**

These questions are to facilitate your discussion group and learning activities. Answers are listed at the end of the file. Your discussion group is limited to searching with respect to the questions listed to answer these questions in class. Please use your discussion group and/or writing exercise to answer these questions.

1. A country's gross domestic product (GDP)
  - a) is the dollar value of the total output produced within its borders of the nation.
  - b) is the dollar value of the total output produced by its citizens, regardless of where they are living.
  - c) can be found by summing  $C + I_g + G + E_x - M_i$ .
  - d) is the product of average real GDP ( $Y$ ) and the population ( $N$ ),  $Y \times N = GDP$ .
  
2. A country's gross domestic product (GDP)
  - a) can be found by summing  $C + I_g + G + E_x - M_i$ .
  - b) is the dollar value of the total output produced by its citizens, regardless of where they are living.
  - c) can be found by summing  $C + I_g + G + E_x - M_i$ .
  - d) is the product of average real GDP and the population.
  
3. The GDP index
  - a) measures value of all final goods and services produced within a nation in a particular year.
  - b) tracks fluctuations in all activities through dollar value.
  - c) measures value of all economic transactions used in producing a country's output.
  - d) tracks value of all goods and services that are produced, purchased or exported in a particular year.
  
4. Suppose that you (USA) is poor
  - a) the country will become the richest (as measured by GDP).
  - b) the country will become the richest (as measured by the country's standard of living).
  - c) the country will become the richest (GDP has increased, the amount of material goods has increased or decreased).
  - d) the country will become the richest (GDP has changed).
  
5. Suppose the real dollar value of all final goods and services produced in a particular country in 2000 is \$100 billion and the real dollar value of final goods and services sold in 2001 is \$105 billion. We can conclude that
  - a) GDP in 2001 is 5% higher.
  - b) GDP in 2001 is 5% higher.
  - c) GDP in 2001 is 5% higher.
  - d) production in 2001 fell by 5% higher.
  
6. National Income Accounting can avoid multiple counting by
  - a) including imports in final calculations.
  - b) counting both intermediate and final goods.
  - c) only counting final goods.
  - d) only counting intermediate goods.
  
7. Gross Domestic Product (GDP) measures real output
  - a) in dollars, number.
  - b) in percentage terms.
  - c) in dollar terms.