

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

These questions are in the final comprehensive group understanding questions. Answers are listed at the end of the file. These questions have to do with understanding both supply and demand curves in detail. These questions are often given on your discussion group and/or writing course to review these questions.

1. A supply curve becomes steeper (steeper GDP)
  - a) is the higher value of the total supply produced within the nation of the nation.
  - b) is the higher value of the total supply produced by an economy, regardless of where they are selling.
  - c) can be found by summing  $Q = Q_1 + Q_2 + Q_3$
  - d) is the higher value of the total supply  $Q = Q_1 + Q_2 + Q_3$

2. A supply curve becomes flatter (flatter GDP)
  - a) can be found by summing  $Q = Q_1 + Q_2 + Q_3$
  - b) is the higher value of the total supply produced by an economy, regardless of where they are selling.
  - c) can be found by summing  $Q = Q_1 + Q_2 + Q_3$
  - d) is the higher value of the total supply

3. The GDP index
  - a) measures value of all final goods and services produced within a nation in a particular year.
  - b) includes both intermediate and final goods.
  - c) measures value of all economic transactions used in producing a nation's output.
  - d) includes value of all goods and services, final and intermediate, produced in a specific year.

4. Suppose that the GDP is down
  - a) the economy will contract the demand has increased by 100%
  - b) the economy will contract the demand has decreased, the economy is shifting the supply.
  - c) the economy will contract the demand has increased, the economy is shifting the supply.
  - d) the economy will contract to determine whether GDP has changed.

5. Suppose the total market value of all final goods and services produced in a particular country in 2000 is \$100 billion and the total market value of final goods and services sold in 2001 is \$110 billion. We can conclude that
  - a) GDP in 2000 is \$10 billion.
  - b) GDP in 2000 is \$100 billion.
  - c) GDP in 2000 is \$110 billion.
  - d) GDP in 2000 is \$10 billion.

6. National Income Accounting can avoid multiple counting by
  - a) including imports in final sales.
  - b) counting both intermediate and final goods.
  - c) only counting final goods.
  - d) only counting intermediate goods.

7. Gross Domestic Product (GDP) measures and reports output
  - a) in dollars.
  - b) in percentage terms.
  - c) in billion dollars.