

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 and using search engines later to answer these questions in order to discuss your discussion group and/or writing answers 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 $C + I_g + G + NX$.
 - d) is always less than the total dollar value of $C + I_g + G$.
2. A country's gross domestic product (GDP)
 - a) can be found by summing $C + I_g + G + NX$.
 - 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 $C + I_g + G + NX$.
 - d) is always less than the total GDP.
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 except labor input.
 - 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're GDP is down
 - a) the nation will continue the demand for currency by 100%.
 - b) the nation will continue the demand for currency, but the nation declines the output.
 - c) the nation will continue the demand for currency, but the nation will increase the demand for international trade.
 - d) the nation will continue to decrease whether GDP has changed.
5. Suppose the total dollar value of all final goods and services produced in a particular country in 2000 is \$100 billion and the total dollar value of final goods and services sold in 2001 is \$105 billion. We can conclude that
 - a) GDP in 2001 is 105% higher.
 - b) GDP in 2001 is 5% higher.
 - c) GDP in 2001 is 100% 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 output
 - a) in dollars, number.
 - b) in percentage terms.
 - c) in dollar terms.