Study Questions for Chapter 7 - Set 1

[illegible]

1. A nation's gross domestic product (GDP):
(A) is the dollar value of the total output produced within the 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 $C + I_g + G + X_n$
(D) is always some amount less than is $C + I_g + G + X_n$

2. A nation's gross domestic product (GDP):
(A) can be found by summing $C + I_g + G + X_n$
(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 $C + I + G + X_n$
(D) is always some amount less than is NDP

3. The GDP is the:
(A) monetary value of all final goods and services produced within a nation in a particular year
(B) national income minus all nonincome charges against output
(C) monetary value of all economic resources used in producing a year's output
(D) monetary value of all goods and services, final and intermediate, produced in a specific year

4. [illegible]
(A) We can say with certainty that the GDP has increased by [illegible].
(B) We can say with certainty that the GDP has increased, but we cannot determine the amount.
(C) We can say with certainty that the nominal GDP has increased, but we can't say whether real GDP has increased or decreased.
(D) We need more information to determine whether GDP has changed.

5. Suppose the total market value of all final goods and services produced in a particular country in 2001 is $500 billion and the total market value of final goods and services sold is $450 billion. We can conclude that:
(A) GDP in 2001 is $450 billion.
(B) NDP in 2001 is $450 billion.
(C) GDP in 2001 is $500 billion.
(D) inventories in 2001 rose by $50 billion.

6. National income accountants can avoid multiple counting by:
(A) including transfers in their calculations
(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) as an index number
(B) in percentage terms
(C) in dollar amounts