

Examen Corto 1 – 01-Jun-20

- 1) Consumption, as measured in GDP, is the purchase of goods and services by:
 - A. **A. households.**
 - B. B. government.
 - C. C. business firms.
 - D. D. foreign buyers.
- 2) Gross Domestic Product equals \$1.2 trillion. If consumption equals \$690 billion, investment equals \$200 billion, and government spending equals \$260 billion, then:
 - A. **A. exports exceed imports by \$50 billion.**
 - B. B. imports exceed exports by \$50 billion.
 - C. C. imports exceed exports by \$150 billion.
 - D. D. exports exceed imports by \$150 billion.
- 3) The importance of having a high score in the EFW index is:
 - A. A. Countries with better scores have a better international reputation.
 - B. B. A better score makes it easier for the country to get loans.
 - C. **C. There is a relationship between economic freedom and economic growth**
 - D. D. None of the above.
- 4) In order to avoid double counting, statisticians just count the _____.
 - A. A. final inventories
 - B. **B. final goods and services**
 - C. C. intermediate goods and services
 - D. D. durable goods and nondurable goods
- 6) GDP does not directly include:
 - A. A. the value of goods produced domestically and sold abroad.
 - B. **B. the value of intermediate goods sold during a period.**
 - C. C. the value of services rendered during a period.
 - D. D. the value of final goods and services produced, but not sold, during a period.
- 7) Investment (I) includes:
 - A. **A. the amount spent on new factories and machinery.**
 - B. B. the amount spent on stocks and bonds.
 - C. C. the amount spent on consumer goods that last more than one year.
 - D. D. the amount spent on purchases of art.
- 8) Which of the following is not counted as a part of GDP?
 - A. **A. the purchase of 100 shares of Apple stock.**
 - B. B. the purchase of a snow plough by Guatemala City.
 - C. C. the unsold additions to inventory at an appliances store
 - D. D. the purchase of a loaf of bread by a consumer
- 9) The Czech Republic has a GDP of 2,000 billion koruny. The exchange rate is 20 koruny per U.S. dollar. The Czech population is 20 million. Calculate the per capita GDP of the Czech Republic in U.S. dollars.

- A. A. \$5
- B. B. \$100,000
- C. C. \$500
- D. D. \$5000

10) In the EFW Index, Guatemala has a higher score in which of the components?

- A. A. Size of Government
- B. B. Legal System and Property Rights
- C. C. Sound Money
- D. E. Freedom to Trade

11) Having Sound Money means:

- A. A. Having low and stable inflation.
- B. B. Prices do not change.
- C. C. Having high and stable inflation.
- D. D. Not having inflation at all.

12) A business cycle reflects changes in economic activity, particularly real GDP. The stages of a business cycle are:

- A. A. trough, expansion, recession, peak
- B. B. contraction, recession, expansion, boom
- C. C. expansion, trough, recession, peak
- D. D. expansion, peak, recession, trough