

Name: _____ Date: _____

1. The difference between nominal and real GDP is that nominal GDP is valued in _____ year prices and real GDP is valued in _____ year prices.
 - A) current; base
 - B) base; current
 - C) current; average current
 - D) average base; inflated current

2. If nominal GDP rose in 2008, we can conclude that
 - A) production rose in 2008.
 - B) the price level rose in 2008.
 - C) either production or the price level, or both, rose in 2008.
 - D) neither production nor the price level rose in 2008.

3. Gross Domestic Product uses _____ to account for differences in _____ of final goods and services.
 - A) market prices; value
 - B) market prices; demand
 - C) quality measures; value
 - D) quality measures; demand

4. Which of the following choices shows a good or service (produced in the current period) that is *not* counted in GDP for this year?
 - A) a personal computer
 - B) wood that is used for making furniture
 - C) an oven that will be installed in a bakery
 - D) four loko sold in a grocery store

5. Birmingham Steel sells steel to Winston Golf Club Manufacturers for \$300,000. Winston sells its golf clubs to Academy Sports for \$1,000,000. Academy Sports sells Winston golf clubs for \$1,500,000. How much is added to GDP?
 - A) \$1,500,000
 - B) \$2,200,000
 - C) \$2,500,000
 - D) \$2,800,000

6. A car engine produced by a supplier to Ford Motor Company is an example of
- A) an inferior good.
 - B) a final good.
 - C) a common good.
 - D) an intermediate good.
7. The value of a car produced and sold in 2000, and sold again in 2008, should be included in GDP for
- A) 2000 only.
 - B) 2008 only.
 - C) both 2000 and 2008.
 - D) either 2000 or 2008, but not both.
8. You sell your old bedroom set to your roommate for \$1,800 and buy brand new custom built furniture for \$16,000. How much is added to GDP?
- A) \$1,800
 - B) \$16,000
 - C) \$17,800
 - D) None of the answers is correct.
9. A country's GDP (in billions) was \$5,690 in 2009 and \$5,899 in 2010. What is the nominal growth rate of GDP for 2010?
- A) 3.54%
 - B) 3.67%
 - C) 9.64%
 - D) None of these answers is correct.
10. A country has a 2008 growth rate of 4.2% and a 2007 GDP of \$8,222 (in billions). What was the GDP in 2008?
- A) \$7,876
 - B) \$8,355
 - C) \$8,567
 - D) \$8,635

Answer Key

1. A
2. C
3. A
4. B
5. A
6. D
7. A
8. B
9. B
10. C