

Name: _____ Date: _____

1. The correlation between infant mortality and per capita GDP is
 - A) zero.
 - B) positive.
 - C) negative.
 - D) unpredictable.

2. Throughout human history we know that
 - A) all countries were able to establish periods of high levels of real GDP per capita.
 - B) most countries were only able to establish a few decades of high levels of real GDP per capita.
 - C) not until the early 19th century were a few countries able to establish sustained long-run economic growth.
 - D) all countries will eventually return to very low levels of real GDP per capita.

3. If 10% of the population had an average income of \$46,000 and the population as a whole had an average income of \$10,000, what would the average income be for the other 90% of the population?
 - A) \$6,000
 - B) \$10,000
 - C) \$9,000
 - D) There is not enough information provided to answer the question.

4. A small economy has a current real GDP per capita level of \$2,000 and a GDP growth rate of 2%. Use the Rule of 70 to estimate how long it would take for this economy to quadruple its GDP per capita.
 - A) 20 years
 - B) 14 years
 - C) 70 years
 - D) 95 years

5. If per capita real GDP was \$30,000 in the year 2000 and \$31,000 in 2001, the growth rate of per capita GDP in 2001 was approximately
 - A) 0.3%.
 - B) 3.3%.
 - C) 33%.
 - D) None of the answers is correct.

6. If a nation doubles its GDP per capita in 20 years, what is its annual growth rate?
- A) 3.5%
 - B) 4.2%
 - C) 6.5%
 - D) 7%
7. A nation's real per capita GDP is \$7,788 in 2004 and \$8,080 in 2005. What is the growth rate of real GDP per capita?
- A) 2.75%
 - B) 3.5%
 - C) 3.61%
 - D) 3.75%
8. If you received a constant annual rate of return of 7% on an investment of \$10,000, how many years will it take before you have \$20,000?
- A) 10 years
 - B) 7 years
 - C) 35 years
 - D) 2.86 years
9. Physical capital is the
- A) stock of tools including machines, structures, and equipment.
 - B) The productive knowledge and skills that workers acquire through education, training, and experience.
 - C) The knowledge about how the world works that is used to produce goods and services.
 - D) The organization skills of business owners.
10. Technological knowledge is the
- A) stock of tools including machines, structures, and equipment.
 - B) productive knowledge and skills that workers acquire through education, training, and experience.
 - C) knowledge about how the world works that is used to produce goods and services.
 - D) organization skills of business owners.

Answer Key

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