



[REDACTED]

[REDACTED]

x100

0.5

Nominal GDP

Real GDP

\$15,000

\$30,000



Nominal GDP is
half of Real GDP

N



nn



n

a



G



P



S

S

m

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e





h

a

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R



a



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b

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e

h

a

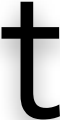




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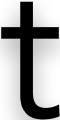
W

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Y

e

a



GDP Deflator =

x100

GDP Deflator for 2019 = 50

Nominal GDP is smaller than Real GDP because
current prices are half what prices were in the base year

Nominal GDP is **smaller** than Real GDP because current prices are **half** what prices were in the **base** year

GDP Deflator for 2019 = 50

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100 = 0.5 \times 100$$

\$15,000

\$30,000

Nominal GDP is
half of Real GDP

GDP Deflator for 2019 = 50

Nominal GDP is
half of **Real** GDP

$$0.5 \times 100$$