

Real GDP

For 2019 **real** GDP we use prices paid in **base** year



2019 Real GDP
use prices paid
in the base
year



Since prices are **fixed**,
if **Real** GDP changes
from year to year, it's
because **quantities**
changed

$$\begin{aligned}
 & (Q_{\text{apples}} \times P_{\text{apples}}^{\text{base}}) + (Q_{\text{computers}} \times P_{\text{computers}}^{\text{base}}) + (Q_{\text{haircuts}} \times P_{\text{haircuts}}^{\text{base}}) + \\
 & (Q_{\text{cars}} \times P_{\text{cars}}^{\text{base}}) + (Q_{\text{houses}} \times P_{\text{houses}}^{\text{base}}) + \dots = \$11,000\text{B}
 \end{aligned}$$

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2019 **Real** GDP
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Nominal GDP

Real GDP