

Week #8 Worksheet - Defining GDP ~ Growth Rates

1. Which of the following is NOT a part of this year's GDP?
 - a. The value of new houses built during the year.
 - b. The value of a new car produced and purchased during the year.
 - c. The value of a repair on your car this year.
 - d. The value of sales of stocks and bonds bought and sold during the year.

2. Suppose nominal GDP increases and real GDP decreases this year. It can be concluded that
*There are two correct answers.
 - a. there was an economic contraction this year.
 - b. the price level increased this year.
 - c. inflation was zero this year.
 - d. there was an economic expansion this year.

3. Which of the following changes would contribute to a decrease in real GDP?
 - a. An increase in the real value of government purchases.
 - b. An increase in the real value of imports.
 - c. An increase in the real value of exports.
 - d. An increase in real consumption.
 - e. Either (b) or (c).

4. Which component of GDP is most likely to be negative?
 - a. Imports
 - b. Net exports
 - c. Consumption
 - d. Gross private domestic investment
 - e. Government purchases

5. GDP is \$8 trillion. If consumption is \$5 trillion, investment is \$1 trillion, and government purchases are \$2 trillion, then
 - a. There's a balance of trade deficit
 - b. Net exports are negative
 - c. Exports are equal to imports
 - d. Net exports are positive