

True, false or uncertain, and explain why? Gross domestic product measures the amount of wealth in the economy.

True, false or uncertain, and explain why? If nominal GDP increases by 5 percent and the price level increases by 7 percent, real GDP has decreased.

True, false or uncertain, and explain why? A decrease in gross domestic product must reduce a person's standard of living.

Explain why an economy's income must equal its expenditures.

Which contributes more to GDP - the production of an economy car or the production of a luxury car? Why?

A farmer sells wheat to a baker for \$2. The baker uses the wheat to make bread, which is sold for \$3. What is the total contribution of these transactions to GDP? Why?

Many years ago, Peggy paid \$500 to put together a record collection. Today, she sold her

albums at a garage sale for \$100. How does this sale affect current GDP?

What are the four components of GDP? Give an example of each.

Why do economists use real GDP rather than nominal GDP to gauge economic well-being?

In the year 2005, the economy produces 100 loaves of bread that sell for \$2 each. In 2006, it produces 200 loaves that sell for \$3 each.

Calculate (1) nominal GDP, (2) real GDP, and (3) the GDP deflator - 2005 is the base year.

Why is it desirable for a country to have a large GDP? Is it always good?