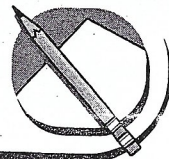


Section 1: Quiz

Gross Domestic Product



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- _____ 1. a system that collects macroeconomic statistics on production, income, investment, and savings
- _____ 2. the dollar value of all final goods and services produced within a country's borders in a given year
- _____ 3. consumer goods that last for a long time
- _____ 4. loss of the value of capital equipment that results from normal wear and tear
- _____ 5. the average of all prices in the economy

Column II

- a. gross domestic product (GDP)
- b. depreciation
- c. price level
- d. durable goods
- e. national income accounting

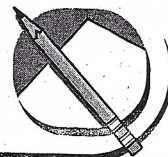
B. Main Ideas

Write the letter of the correct answer in the blank provided.

- _____ 6. What are intermediate goods?
 - a. goods that are not sold or exchanged in an economy
 - b. goods used in the production of other goods
 - c. goods that were sold in earlier years
 - d. goods that are produced outside the country
- _____ 7. How does an economist calculate GDP for one year using the expenditure approach?
 - a. add together all the amounts spent on final goods and services
 - b. add up all the incomes received
 - c. add the amounts spent on goods and services to the incomes received
 - d. subtract the amounts received as income from the goods and services
- _____ 8. What is the underground economy?
 - a. the amount spent for environmental cleanup and similar products
 - b. the goods and services people make or do themselves
 - c. the products and income that are not reported as income to the government
 - d. costs of such things as personal safety, vacations, and sick pay
- _____ 9. Which of the following is a nondurable good?
 - a. washing machine
 - b. air conditioner
 - c. bicycle
 - d. gasoline
- _____ 10. What is the difference between real GDP and nominal GDP?
 - a. Real GDP is accurate to hundreds of dollars; nominal GDP is accurate to thousands of dollars.
 - b. Real GDP includes nonmarket activities; nominal GDP has no nonmarket activities.
 - c. Real GDP is based on constant prices; nominal GDP is based on the current year's prices.
 - d. Real GDP allows for depreciation; nominal GDP allows for no depreciation.

Section 2: Quiz

Business Cycles



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- _____ 1. a period of macroeconomic expansion followed by a period of contraction
- _____ 2. a steady, long-term increase in real GDP
- _____ 3. the lowest point in an economic contraction
- _____ 4. the height of an economic expansion
- _____ 5. a prolonged economic contraction

Column II

- a. peak
- b. economic growth
- c. recession
- d. trough
- e. business cycle

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- _____ 6. What happens to consumer and business spending when the interest rates go up?
 - a. both types of spending increase
 - b. both types of spending decrease
 - c. consumer spending increases and business spending decreases
 - d. business spending increases and consumer spending decreases
- _____ 7. What are the leading economic indicators supposed to predict?
 - a. business cycles
 - b. stagflation
 - c. consumer expectations
 - d. nonmarket activities
- _____ 8. Which of the following finally brought the U.S. economy out of the Great Depression?
 - a. World War I
 - b. World War II
 - c. the Korean War
 - d. the Vietnam War
- _____ 9. Which of the following was a lasting effect of the OPEC embargo in the 1970s on the U.S. economy?
 - a. higher gasoline prices
 - b. lower interest rates
 - c. reduced use of petroleum
 - d. reduced taxes
- _____ 10. What was the major change in the U.S. economy in the 1990s?
 - a. more bank failures
 - b. more capital equipment manufacturing
 - c. higher impact of international trade
 - d. heavier reliance on services

Section 3: Quiz
Economic Growth**A. Key Terms**

Briefly define or identify each of the following.

1. real GDP per capita _____
2. saving _____
3. capital deepening _____
4. technological progress _____

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- _____ 5. How does an economist compare the standard of living in two different countries?
 - a. by comparing real GDP per capita
 - b. by looking at the quality of life
 - c. by seeing how the GDP is distributed
 - d. by measuring physical capital
- _____ 6. What is the savings rate?
 - a. proportion of disposable income spent to income saved
 - b. percentage of people who save a significant amount of their income
 - c. rate of interest paid on bank account savings
 - d. difference between rate charged to borrow and rate paid on savings
- _____ 7. If the government uses tax money to pay for long-term investments such as roads or other infrastructure, what happens to the economy?
 - a. investment decreases
 - b. investment increases
 - c. taxes increase
 - d. taxes decrease
- _____ 8. What is one way to measure technological progress?
 - a. any increases in capital minus increases in labor
 - b. any increases in labor minus increases in capital
 - c. total growth plus increases in capital and labor
 - d. total growth minus increases in capital and labor
- _____ 9. What is labor productivity?
 - a. the total number of workers in an economy
 - b. the amount of output produced per worker
 - c. the total amount of work produced in an economy
 - d. the average training per worker
- _____ 10. How can a trade deficit actually increase the productivity of an economy?
 - a. by causing people to save
 - b. by building up a large amount owed
 - c. by importing funds used for capital deepening
 - d. by importing goods for short-term use