# Econ 203 Test 1 (Make sure to put your name on your scantron; 2 pts off if not)

1. GDP per capita

a. is roughly the same as the level of income per person

b. is not very closely correlated with non-monetary measures of well-being

c. is almost the same in most major industrialized nations such as the US and France

d. none of the above

2. The primary graphic that we considered on GapMinder displayed GDP per capita on one axis and which of the following variables on the other axis?
a. median age b. life expectancy

c. literacy rate d. none of the above
3. The size of the circles on the GapMinder graphic depict

a. country GDP per capita b. purchasing power of the currency

c. country population d. none of the above

4. In the data that we discussed across countries, GDP per capita is adjusted so that the same amount of dollars buys the same amount of goods across each country. This adjustment is known as

a. inflation-adjusted GDP b. exchange-adjusted GDP

c. transactions-adjusted GDP d. none of the above

5. Which of the following countries is a prime example that extensive natural resources does not, by itself, insure a high GDP per capita?

a. Australia b. Japan

c. Germany d. Russia

6. The point of “natural experiments” in economic growth such as comparing North and South Korea is that

a. the two countries have been growing at nearly the same rate

b. the two countries are similar in most respects except for economic freedom

c. the two countries differ in regard to almost all important influences on economic growth

d. none of the above

7. Up to and during the 1960s, the “Solow Growth Model” provided the main explanations for cross-country growth. Which of the following were key influences on growth in that model?

a. the degree of economic freedom in a country

b. the degree of corruption in a country

c. the amount of capital in a country

d. all of the above

8. The “New Growth Theory” of the 1990s has emphasized and presented evidence which of the following influences on economic growth?

a. rules that protect of life and assets

b. very low rates of taxation

c. adherence to the gold standard for currency

d. all of the above

9. Based on our mapping assignment and the 4 categories for countries, Brazil is in which group?

a. Low b. Mid-Low

c. Mid-High d. High

10. Which of the following areas has growth of GDP per capita changed in the U.S. since 1850

a. transportation b. health care

c. communications d. all of the above

11. What do economist mean by “capital” when used the context of long run growth?

a. stocks, bonds, savings accounts b. equipment and plants

c. the innovative and creative know-how d. none of the above

12. GDP per capita in the U.S. is about what level?

a. $100,000 b. $50,000

c. $35,000 d. $25,000

13. On a worldwide, country basis using GDP per capita, which of the following countries is poor?

a. Tanzania b. Nicaragua

c. China d. Chile

14. GDP per capita in a large European nation such as Germany, France, or UK is

a. about the same as the U.S.

b. about 10% higher than the U.S.

c. about 25% lower than the U.S.

d. about 50% lower than the U.S.

15. Pick the pair of countries below that fit together in terms of the level of living standards categories as measured by our map:

a. South Korea and Nigeria b. Russia and Chile

c. Tanzania and China d. North Korea and South Korea

16. Living standards of average households in the U.S. in the early 1800s would be close to those of

a. middle income countries today

b. low income countries today

c. high income countries today

d. the UK in 1900

17. The Concise Encyclopedia of Economics article on “Standards of Living and Growth” presents a table using which of the following information sources?

a. the 1932 Penny’s catalogue b. the 1964 Woolworth catalogue

c. the 1911 statistical abstract of U.S. d. none of the above

18. The website comparing items in the Sears catalogue from the mid 1970s to more recent items indicates that

a. most items have increased in price due to a rising Consumer Price Index

b. most items take less than half the amount of labor hours for an average wage worker

c. most items have fallen in terms of their price relative to the price of an ounce of gold

d. none of the above

19. On the heat map of economic freedom that we considered, which of the following regions has the lowest level of economic freedom?

a. Southern Europe b. Sub-Saharan Africa

c. Central America d. Scandanavia

20. The Concise Encyclopedia of Economics article on Economic Growth presents bar graphs that indicate that

a. economic freedom raises the incomes of the poor as well as the rich

b. economic freedom raises GDP but not life expectancy

c. economic freedom makes people happier

d. all of the above

21. Put “A” for your answer

Correct Answers: 1a, 2b, 3c, 4d, 5d, 6b, 7c, 8a, 9c, 10d, 11b, 12b, 13a, 14c, 15b, 16b, 17d, 18b, 19b, 20a