# Econ 203 Quiz 4 (Make sure to put your name on your scantron)

1. Nominal GDP for the U.S. is currently closest to which of the following figures?

a. $24 trillion b. $20 trillion

c. $17 trillion d. $14 trillion

2. A equivalent term for “real GDP” is

a. current dollar GDP b. constant dollar GDP

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

3. National Net Worth equals

a. Consumption + Investment + Government Purchases + Exports – Imports

b. Assets – Liabilities

c. Wages + Salaries + Interest Payments + Rent + Profits

d. none of the above

4. Although often less discussed in basic economics courses, wealth-based measures are important because

a. they tend to be more closely correlated with consumption than are short run income measures

b. they tend to be much more volatile than short run income measures

c. they tend to be estimated for a wider variety of countries than income measures

d. they are easier to measure than income measures

5. A quarterly growth of rate for real GDP of 0.5% converted to annualized figures would be

a. 1% b. 2%

c. 4% d. 12.0%

6. Which of the following expresses the “Broken Window Fallacy?”

a. a natural disaster will wind up helping the economy by boosting construction

b. spending money on perishable consumer items is just like spending it on durables like applicances

c. GDP measures market exchanges but not happiness

d. if an economy is experiencing inflation, the currency will become more valuable in other countries

7. The Dallas Fed article discussing Purchasing Power Parity within the U.S. demonstrates that

Big Mac prices

a. vary more within Texas than within Dallas

b. vary more within Texas than within the South

c. vary more within Texas than within the U.S.

d. none of the above

8. The CPI-Medical care has increased over the past 30 years more than the CPI-All Items. One of the contributors to this is that:

a. the CPI-All Items does not actually measure all items

b. energy prices make up a larger share of the CPI-All than Medical Items

c. the large improvements in healthcare quality are not incorporated into the CPI-Medical

d. none of the above

9. The CPI is measured monthly by the Bureau of Labor Statistics. A similar measure that is produced quarterly by the BEA goes by the acronym

a. GDP-IPD b. S&P 500

c. PPP d. none of the above

10. Adjusted for the value of a dollar, the highest grossing film of all time is

a. Avatar b. Titanic

c. Gone with the Wind d. Star Wars Episode IV (1977)

**Currency Pair /FX Rate**

EUR-USD/1.3; GBP-USD/1.5; USD-JPY/100.0; AUD-USD/0.90

11. The table above shows that a person can exchange

a. 1.37 Dollars per Euro b. 1.5 Pounds per Dollar

c. 100 Dollars per Yen d. none of the above

12. If a family sold their home in the U.S. for $1,000,000, what would this amount equate to in British pounds for buying a house in the UK?

a. $1,500,000 b. $660,000

c. $330,000 d. $150,000

Use the following information for the questions below:

**Year CPI**
(1939 = 14) (1983 = 100) (2000 = 172) (2005 = 200) (2012 = 225)

13. The 2005 film, Revenge of the Sith, about $900 million at the box office worldwide. This amount converted to 212 constant dollars would be about

a. $1.0 billion b. $800 million

c. $900 million d. $500 million

14. The CPI numbers above indicate that

a. a dollar was worth about 12 percent more in 2012 than in 2005

b. there has been a positive rate of inflation since 2005

c. the average of all prices has been falling

d. food and energy prices have increased more than other prices

15. Select the item below most likely to closely reflect purchasing power parity

a. gold prices in London, NYC, and Tokyo

b. steak prices in Kansas City, Munich, and Moscow

c. physician services in Paris, Chicago, and Sydney

d. all of the above are about equal

16. The CEE article on the CPI indicates that the largest weight for the index applies to

a. food and beverage expenditures b. housing expenditures

c. transportation expenditures d. none of the above

17. Cur rently, the unemployment rate in the U.S. is closest to which of the following figures?

a. 9.2% b. 8.2%

c. 7.2% d. 6.2%

18. The long run average for the annual increase in real GDP is about

a. 1% b. 3%

c. 5% d. 10%

19. Which of the following does GDP reflect?

a. total spending on final goods/services produced

b. total income to workers

c. total final production

d. all of the above

20. In GDP calculations, investment refers to things such as

a. purchases of stock, bonds, bank accounts b. purchases of new houses, buildings, equipment

c. purchases of any asset d. none of the above

21. Put A for your answer

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