

GDP Review

What do the initials GDP stand for?

What are the four categories of goods and services that make up GDP?

What is the equation for GDP? GDP = _____

Imagine a country had the following production in year #1 . What would be the annual GDP?

Consumption	150
Investment	50
Government Spending	70
Exports	70
Imports	40

If this same society had a population of 10 people, what would the **per capita GDP** be?

Now tabulate the GDP for the same society for year # 2

Consumption	150
Investment	50
Government Spending	70
Exports	40
Imports	70

What is the total GDP in year #2.

Is this society running a **trade surplus** or **trade deficit**?

Now imagine that the population of this country grew from 10 people to 12 people in year two.

What is the **per capita GDP** in year #2?

Notes on Real Versus Nominal GDP

Real versus nominal GDP

Calculating the GDP deflator

Calculating the Real GDP

A society has a nominal GDP of 120 dollars. The GDP Deflator is 80. **What is the real GDP of this society?** Show your work and answer below.