Chapter 19

Put into practice questions

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Why might a country have a bigger GNP than GDP?

If net property income from abroad is positive

Why might a country have a bigger GDP than GNP?

If net property income from abroad is negative

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Which of the following are true and which are false? Explain your answer.

a. GDP measures the income of country's citizens over a given period. FALSE
b. National income = value of output + value of income + value of expenditure. FALSE
c. GNP = GDP plus net property income from abroad. TRUE
d. The difference between GNP and NNP is depreciation. TRUE

Given the data below, calculate the country's gross domestic product

= C+I+G+X-M I indirect taxes plus subsidies
= £498 bn

End of chapter put into practice questions

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If nominal GDP grows by 5 per cent and inflation is 7 per cent what has happened to real GDP?

It has fallen

How can GDP grow but GDP per capita fall?

Population rises faster than GDP

What is shown by a Gini coefficient of 0.4 compared to 0.1?

Greater inequality in the economy

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Explain how a government can reduce the Gini coefficient in its economy.

More benefits for low incomes; greater taxation of high incomes

According to the World Bank UK GDP in 2014 was $2.942 trillion. Its population was 64.51 million.What was the GDP per person?

Answer is: $45,605,000

According to the World Bank the GDP of Saudi Arabia in 2014 was $746.2 billion. Its population was 29.37 million. What was the GDP per person?

Answer is: $25406

What else would you want to measure apart from GDP to assess the well-being of a country?
Amount of free time, quality of life, life expectancy happiness

GNP market prices + indirect taxes − subsidies = GNP factor cost.

False. Minus indirect taxes and plus subsidies.

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