1. GDP measures the value of all output produced:
   - ☐ only by the government
   - ☐ only by exporters
   - ☐ by a country's citizens worldwide
   - ☐ within a country in a year
2. Which is an injection into the circular flow?
   - ☐ investment
   - ☐ imports
   - ☐ taxation
   - ☐ saving
3. If C = 600, I = 200, G = 300, X = 150, M = 100, what is AD = C + I + G + (X − M)?

   _____
4. GDP rises from 500bn to 520bn in a year. What is the growth rate (%)?

   _____
5. There are 2.5 million unemployed in a labour force of 50 million. What is the unemployment rate (%)?

   _____
6. The CPI rises from 100 to 103 over a year. What is the inflation rate (%)?

   _____
7. Nominal GDP rises 5% while prices rise 5%. What is real GDP growth (%)?

   _____
8. National income is in equilibrium when injections equal withdrawals.

   ☐ True ☐ False
9. Which is NOT a component of aggregate demand?
   - ☐ investment
   - ☐ consumption
   - ☐ saving

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10. Potential growth is best shown on a PPF as:
    - ☐ a move from inside to the curve
    - ☐ a move along the curve
    - ☐ the curve shifting inward
    - ☐ the curve shifting outward

1. **within a country in a year**

   GDP is output produced within the country's borders; GNI adds net income from abroad.

2. **investment**

   Injections are investment, government spending and exports; the others are withdrawals.

3. **1150**

   $600 + 200 + 300 + (150 - 100) = 1100 + 50 = 1150$.

4. **4**

   $(20 \,/\, 500) \times 100 = 4\%$.

5. **5**

   $(2.5 \,/\, 50) \times 100 = 5\%$.

6. **3**

   $(3 \,/\, 100) \times 100 = 3\%$.

7. **0**

   Real growth $\approx$ nominal growth $-$ inflation $= 5\% - 5\% = 0\%$.

8. **True**

   When I + G + X = S + T + M, income is stable.

9. **saving**

   AD = C + I + G + (X − M); saving is a withdrawal, not a component of AD.

10. **the curve shifting outward**

    Potential (capacity) growth shifts the whole PPF out; actual growth can be a move toward/along it.

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