

Solutions

Each answer shows the steps, then the **result**.

2.1

- any two of: nonmarket production, the underground economy, externalities/pollution, leisure, income distribution

2.2

- it adjusts for population, so it reflects output **per person** rather than the size of the country

2.3

- its activity is unreported, so that output is missing from the official GDP figure

3.1 B

3.2 B

3.3

(a)

- it ignores externalities/pollution and the distribution of income

(b)

- GDP per capita