Chapter 12 Section 1

GDP Notes

- What is the definition of Gross Domestic Product?

- GDP=C+I+G+NX

  - Define and describe each category.

  - C:

  - I:

  - G:

  - NX:

- *Which category do these items belong to, C, I or G, or X?*

    Manicures_____Bread_____

    Cruise missile_____New factory_____

    Dresses_____Increase in automobile inventory_____

    GM automobiles being shipped to Europe_____

- What is the definition of a final good?

- What is the difference between final and intermediate goods?

- Why aren't intermediate goods counted in GDP?

- Define nominal GDP and real GDP.

- What items (besides intermediate goods) are not counted in GDP?

- What is GDP per capita, and how is it useful in comparing the quality of life between countries?