

10. Which of the following is correct?
- In Canada, average income today is about four times as high as average income a century ago.
  - International data on the history of real GDP growth rates shows that the rich countries get richer and the poor countries get poorer.
  - If a relatively poor country had grown at 3.5 percent per year for the last 100 years, it would be a relatively rich country today.
  - All of the above are correct.
11. The value of housing service provided by the economy's stock of houses is
- not included in GDP since it is not sold on the market.
  - counted and is based on an estimate of its rental value.
  - counted and uses only the purchase price of the house in the year it is sold.
  - counted and is valued as the mortgage payment made on the house.
  - All of the above are correct.
12. For any given year, the CPI is the price of the basket of goods and services in the
- given year divided by the price of the basket in the previous year, then multiplied by 100.
  - base year divided by the price of the basket in the given year, then multiplied by 100.
  - previous year divided by the price of the basket in the given year, then multiplied by 100.
  - given year divided by the price of the basket in the base year, then multiplied by 100.
13. Because the CPI is based on a fixed basket of goods, the introduction of new goods and services in the economy causes the CPI to overestimate the cost of living. This is so because
- new goods and services are always of higher quality than existing goods and services.
  - new goods and services cost less than existing goods and services.
  - when a new good is introduced, it gives consumers greater choice, thus reducing the amount they must spend to maintain their standard of living.
  - new goods and services cost more than existing goods and services.
14. Over the last few decades Canadians have chosen to cook less at home and eat more at restaurants. This change in behaviour, by itself,
- increased measured GDP.
  - reduced measured GDP.
  - affected measured GDP only to the extent that people eat more at restaurants than at home.
  - did not affect measured GDP.
15. Canadian GNP is calculated from Canadian GDP by
- including income earned by Canadian citizens abroad and excluding income earned by foreigners in Canada
  - including income earned by foreigners in Canada
  - excluding income earned by Canadian citizens abroad.
  - including income earned by foreigners in Canada and excluding income earned by Canadian citizens abroad.
16. Greg, a Canadian citizen, works only in U.S. The value added to production from his employment is
- included in both Canadian GDP and Canadian GNP.
  - included only in Canadian GNP.
  - not included in either Canadian GDP or Canadian GNP.
  - included only in Canadian GDP.