

5. Refer to the Table 5-4. Using the GDP deflator to measure the average level of prices and using 2010 as the base year, what is the economy's inflation rate?
- 20 percent for 2011 and 12.5 percent for 2012
 - 20 percent for 2011 and 30 percent for 2012
 - 25 percent for 2011 and 28 percent for 2012
 - 44.7 percent for 2011 and 45.5 percent for 2012
6. A Manitoba farmer buys a new tractor made in Alberta by a German company. What is the impact on investment and GDP?
- Canadian investment and German GDP increase, but Canadian GDP is unaffected.
 - Canadian investment and GDP increase, but German GDP is unaffected.
 - Canadian investment, Canadian GDP, and German GDP are unaffected, because tractors are intermediate goods.
 - Canadian investment, Canadian GDP, and German GDP all increase.
7. What is the relationship between income and expenditure for an economy?
- Income is greater than expenditure.
 - Income is less than expenditure.
 - Income equals expenditure.
 - Income could be greater or less than expenditure.
8. In a simple circular-flow diagram, why is total income equal to total expenditure?
- because firms re-invest their revenue
 - because savings are small
 - because income from interest is not part of GDP
 - because every transaction has a buyer and a seller
9. How are goods that go into inventory and are not sold during the current period treated in GDP terms?
- They are counted as intermediate goods and so are not included in current-period GDP.
 - They are counted in current GDP only if the firm that produced them sells them to another firm.
 - They are included in current-period GDP as inventory investment.
 - They are included in current-period GDP as consumption.
10. Senator Noitall says that in order to help poor countries develop, Canada should (1) prevent Canadian corporations from investing in poor countries because they take profits that the poor countries should have; (2) not import goods from poor countries that use child labour; (3) work to promote political stability in poor countries; and (4) reduce poor countries' reliance on market forces in their economies. Which of these ideas is likely to help poor countries grow?
- 1
 - 2
 - 3
 - 4