

- _____ 27. For any given year, what is the CPI?
- the price of the basket of goods and services in the given year divided by the price of the basket in the base year, then multiplied by 100
 - 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
 - the price of the basket of goods and services in the base year divided by the price of the basket in the given year, then multiplied by 100
 - the price of the basket of goods and services in the previous year divided by the price of the basket in the given year, then multiplied by 100
- _____ 28. With respect to GDP, how are welfare payments treated?
- They are included in GDP because they represent payment for work performed in the past.
 - They are included in GDP because they represent potential consumption.
 - They are excluded from GDP because they do not represent current government purchases of goods and services.
 - They are excluded from GDP because they are not private pensions.
- _____ 29. Which of the following best defines a transfer payment?
- government spending on imported goods
 - money that Canadian citizens working abroad send back to their families in Canada
 - payments to governments, other than taxes
 - a form of government spending that is not made in exchange for a currently produced good or service
- _____ 30. If GDP rises, what happens?
- Income and expenditure must both rise.
 - Income and expenditure must both fall.
 - Income must rise, but expenditure may rise or fall.
 - Expenditure must rise, but income may rise or fall.
- # _____ 31. In 2011, how large were Canadian government purchases of goods and services?
- larger than consumption, but smaller than investment
 - larger than investment, but smaller than consumption
 - smaller than both consumption and investment
 - larger than both consumption and investment
- _____ 32. A farmer produces the same output in 2012 as in 2011. His input prices increase by 3 percent and so does his product price. Which inflation rate makes the farmer as well off in 2012 as in 2011?
- 6 percent
 - 3 percent
 - 1 percent
 - 0 percent
- _____ 33. Suppose that over the past ten years productivity grew faster in Oceania than in Freedonia and the population of both countries was unchanged. Which of the following can we conclude?
- Real GDP per person must be higher in Oceania than in Freedonia.
 - Real GDP per person grew faster in Oceania than in Freedonia.
 - The standard of living must be higher in Oceania than in Freedonia.
 - Oceania must have had a greater capital stock than Freedonia.

108
31
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$$TR = 3 - 19$$