

## **Topic 5. Gross Domestic Product**

1. Can one newscaster report that the economy grew, while another reports that for the same year the economy declined, and both reports be correct?
2. What gets measured in the GDP?
3. What is the difference between nominal GDP, real GDP, and potential GDP?
4. Always use the most recent completed calendar year as the base year for computing real GDP?
5. Explain why the three methods of calculating GDP produce the same estimate of GDP.
6. Why would an assessment of growth using nominal GDP be misguided?

