

Unit 4 – Lesson 1 Answers

p. 206 Okun's Law

1. The GDP gap was \$6.06 billion.
2. Country A - \$22 billion
Country B - \$64.06 billion
Country C - \$57.97 billion

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Question 3:

- a. Included – consumption
- b. Included – consumption
- c. Included – consumption
- d. Not Included – unreported activity
- e. Not Included – import

Question 4:

- a. Frictional Unemployment
- b. Structural Unemployment
- c. Seasonal Unemployment
- d. Technological Unemployment
- e. Cyclical Unemployment
- f. Replacement Unemployment

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Question 13

- a. The GDP gap is \$57.24 billion.
- b. The estimated GDP gap if the government programs had been implemented would have been \$32.4 billion. The GDP gap would have been reduced by \$24.84 billion due to the \$10 billion increase in government spending. In theory, it would have made financial sense for the government to go ahead with the program.

Question 16

Canada – 6.8%

Bangladesh – 35.3%

United Kingdom – 5.5%

Vietnam – 25%

Australia – 6.3%