

YouTube Title: (Macro) Episode 21: Real GDP <http://www.youtube.com/watch?v=29S7Fzl7s7g&feature=relmfu>

Video Length: 2:37 minutes

The Economy Today Chapter 5: National Income Accounting

The Macro Economy Today Chapter 5: National Income Accounting

The Economy Today Learning Objective 2: The difference between real and nominal GDP.

Topics: GDP Deflator

Key Terms: Gross Domestic Product (GDP), real GDP, nominal GDP, inflation

Summary

This video explains the difference between nominal and real GDP.

Economic Application

This video can be used to illustrate that to distinguish physical changes in output from monetary changes in its value, we compute both nominal and real GDP.

Multiple-Choice Question

The value of final output in a given period, adjusted for changing prices:

- a) Nominal GDP
- b) GDP per capita
- c) Real GDP
- d) National income

Discussion Question

In order to address economic growth, why do we need to look at real, rather than nominal, GDP?