Answers to Questions for Review

17.1 No, the recent drop in output was very dramatic.

17.2 Yes, unemployment was much higher throughout much of the 1980s and 1990s, and was also higher in many years before 1910.

17.3. (a) Growth, which was well below average.

(b) Inflation, which was well above average.

(c) The economy was doing fairly well, with growth usually above average, and unemployment and inflation usually below average.

17.4. (a) The UK. (b) Italy.

17.5. (a) Japan. (b) France.

17.6. (a) Japan. (b) The USA.

17.7. (a) To allow for the reference year prices being higher, the nominal $1,000 billion must be multiplied by 100/92 to get $1,087 billion.

(b) To allow for the reference year prices being lower, the nominal $3,000 billion must be multiplied by 100/123 to get $2,439 billion.