

Definitions and examples

Central Questions

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|---|---|
| <p><u>Chapter 11 terms</u> Gross domestic product (GDP)</p> | <p>11.1 1. a. What is the difference between a <i>final good</i> and an <i>intermediate good</i>?</p> |
| <p>consumption</p> | <p>b. Why isn't an <i>intermediate good</i> included in counting GDP?</p> |
| <p>investment</p> | <p>2. Identify three things omitted/not counted in GDP. a. b. c.</p> |
| <p>government purchases</p> | <p>11.2 1. Identify the four sectors/components for calculating GDP. Give an example of an expenditure (spending) for each one of the four sectors/components.</p> |
| <p>export spending</p> | <p>C + I +</p> |
| <p></p> | <p>G + Net Exports (EX-IM)</p> |

| | |
|---|--|
| <p>import spending</p> | <p>3. a. What does per capita mean?</p> |
| <p>base year</p> | <p>b. How is per capita GDP different from GDP?</p> |
| <p>real GDP</p> | <p>11.3 1. Identify the two variables for GDP.</p> |
| <p>price index + example (CPI)</p> | <p>2. a. How is real GDP calculated?</p> <p>3. a. Why is real GDP needed?</p> |
| <p>formula for calculating the change in a single price</p> | <p>b. What is it called when real GDP increases?</p> <p>4. Why is real GDP per capita important?</p> |

formula for calculating the CPI

unemployment rate

11.4 Consumer Price Index

1. The Consumer Price Index is important because:

2. What is the “market basket”?

3. How is the market basket calculated into the consumer price index?

Unemployment

| 4. Who is counted? | Who is not counted? |
|--------------------|---------------------|
| | |

5. Explain the 4 different types of unemployment

Frictional -

Structural -

Cyclical -

Seasonal -

Chapter 12

inflation

deflation

velocity of money

business cycle

12.1

1. How is inflation measured?

2.a. What causes Demand-Side Inflation?

b. What causes Supply-Side Inflation?

3.a. What happens when wage increases are more than the inflation rate?

b. What happens when wage increases are less than the inflation rate?

12.2

1. Draw the phases of the business cycle.

2. Identify the different components of the business cycle.

1

2

3

4

5

12.3

1. Identify the 6 possible factors that can cause economic growth.

1

2

3

4

5

6