Interactive Reading Notepad

Lesson 7.1 Gross Domestic Product

Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework *as you read*.
Key Terms – write down and **create a cognitive dictionary (model provided) for 50% of all terms** from assigned sections by writing the word, writing down what you think it means, then define each in your own words on a piece of binder paper. Focus on words you do not know. As added practice, EITHER use the term properly in a sentence OR draw a picture that demonstrates the meaning of the word in a visual way (may not be applicable).

Cognitive Dictionary Example/model:

Word	What do you think it means?	Actual Definition	Properly use word in a sentence.
Element	A part of something	Factor; ingredient	Pasta is just one element of spaghetti.

national income accounting
gross domestic product
intermediate goods
durable goods
nondurable goods
nominal GDP

real GDP
gross national product
depreciation
price level
aggregate supply
aggregate demand

Economic Measures: Text
1. **Cite Evidence** Explain how buying a shirt contributes to the GDP. Relate it to all four parts of the definition of GDP: *dollar value, final goods and services, produced within a country's borders,* and *in a given year*.
2. **Compare and Contrast**   How is the expenditure approach different from the income approach to calculating GDP?

Two Measures of GDP: Text
3. **Analyze Interactions**   Suppose the nominal GDP for year A is $500,000 and the nominal GDP for the same economy in year B is $400,000. The real GDP for year A is $500,000, and the real GDP for year B is $500,000. The same amount of goods and services were produced each year. What happened to the prices of goods and services between year A and year B? Explain.

What GDP Doesn't Measure: Text
4. **Summarize**   Give an example of each of the following limitations of GDP: nonmarket activities, the underground economy, negative externalities, and quality of life.

Other Economic Measures: Text
5. **Draw Conclusions**   One of the measures derived from GDP is personal income. If personal income is on the rise, how would you expect the GDP to reflect this?

Factors that Affect GDP: Text
6. **Use Visual Information**   Refer to the Equilibrium Aggregate Supply and Demand Graph. How will a shift to the right in an AD curve affect the equilibrium GDP and the equilibrium price level?

Lesson 7.2 Business Cycles

Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework *as you read*.
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business cycle
expansion
economic growth
peak
contraction
trough

recession
depression
stagflation
business investment
leading indicators

Business Cycle Phases: Text
1. **Draw Inferences**   Why do you think economists can be certain that every expansion in the economy will be followed by a peak and then a contraction?
2. **Compare and Contrast**   According to the Lesson, a recession and a depression are not the same thing. How do economists differentiate between the two?

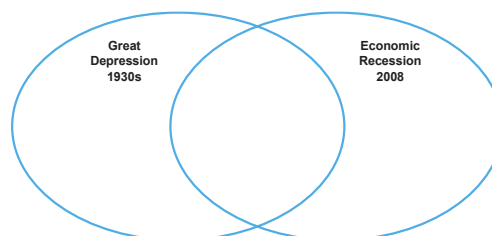## What Drives Business Cycles?: Text
3. **Vocabulary: Use Context Clues**   Read the section titled "Effects of External Shocks." Why do you think the term *external* is used to describe these shocks to the economy?

Forecasting Business Cycles: Text
4. **Summarize**   Give an example of a leading indicator and explain how using this can help economists to predict future trends in a business cycle.

Business Cycles in the United States: Text
5. **Compare and Contrast**   How did the Great Depression of the 1930s compare to the economic recession that began in 2008? Use a Venn Diagram graphic organizer like the model below.

Great
Depression
1930s

Economic
Recession
2008

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Lesson 7.4 Unemployment

Key Terms – write down and **create a cognitive dictionary (model provided) for 50% of all terms** from assigned sections by writing the word, writing down what you think it means, then define each in your own words on a piece of binder paper. Focus on words you do not know. As added practice, EITHER use the term properly in a sentence OR draw a picture that demonstrates the meaning of the word in a visual way (may not be applicable).

frictional unemployment	unemployment rate
structural unemployment	full employment
globalization	underemployed
seasonal unemployment	discouraged worker
cyclical unemployment	

Types of Unemployment: Text

1. **Categorize** As you read "Types of Unemployment," use this graphic organizer to categorize the four different types of unemployment.

Frictional Unemployment	Structural Unemployment	Seasonal Unemployment	Cyclical Unemployment

The Unemployment Rate: Text

2. **Identify Key Steps in a Process** Use the BLS measure of determining the unemployment rate. If a nation has 120 million employed people and 15 million unemployed people, what is the unemployment rate?
3. **Paraphrase** Explain why the unemployment rate is seasonally adjusted.

The Goal of Full Employment: Text

4. **Draw Conclusions** Why does an economy that has full employment have frictional, seasonal, and structural unemployment but not cyclical unemployment?

Lesson 7.5 Inflation and Deflation

Key Terms – write down and **create a cognitive dictionary (model provided) for 50% of all terms** from assigned sections by writing the word, writing down what you think it means, then define each in your own words on a piece of binder paper. Focus on words you do not know. As added practice,

EITHER use the term properly in a sentence OR draw a picture that demonstrates the meaning of the word in a visual way (may not be applicable).

|	
inflation	core inflation rate
purchasing power	hyperinflation
price index	quantity theory
Consumer Price Index	wage-price spiral
market basket	fixed income
inflation rate	deflation

How Rising Prices Affect You: Text

1. **Assess an Argument**   the Barrows decide not to sell their house even though it is worth ten times more than what they paid for it. Why is their argument valid? What argument could there be for them to sell their home and move to a different city?

Price Indexes: Text

2. **Analyze Interactions**   How are the CPI and the rate of inflation related? Explain how the CPI affects the rate of inflation.

Identifying Causes of Inflation: Text

3. **Identify Cause and Effect**   As you read "Identifying Causes of Inflation" and "Interpreting Effects of Inflation," use this graphic organizer to record the causes and effects of inflation.

Inflation	
Causes	**Effects**
•	•
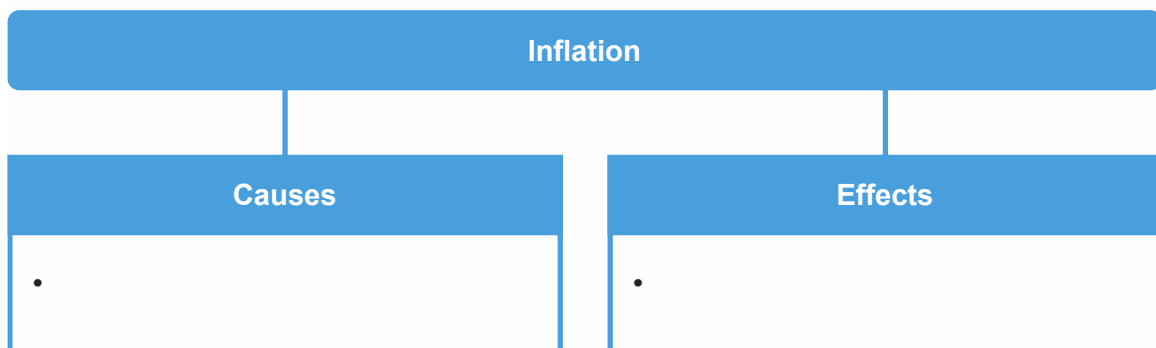
4. **Use Visual Information**   Refer to the Wage-Price Spiral illustration. How could you modify the illustration to include the effects of low unemployment on the wage-price spiral?

Interpreting Effects of Inflation: Text

5. **Assess an Argument**   Lydia has $1,000 in her savings account. Currently, the rate of inflation is 3 percent, and the interest rate on her savings account is 4 percent. She has decided that if the rate of inflation goes above 3 percent, she will take her money out of her savings account because she won't be making any money in interest. Is her argument valid? Explain.

Recent Trends in the Rate of Inflation: Text

6. **Draw Inferences**   Infer how the severe recession in 2008 affected purchasing power at the beginning of the recession, and why that purchasing power did not necessarily improve even as prices began to drop.

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