

Fully answer each of the following. NOTE: The questions asked for these chapters precisely cover the remaining standards (in parentheses). It is imperative you answer them, define the terms listed, and make sure all responses are thorough and correct. If for some reason the answer to any question, or any part of any question, is not clearly found/stated in the text book, use the Internet. You are responsible for finding the answer. Number your answers corresponding to the number of the question, don't start over at 1 for each new section. The page numbers where the answers are found are provided for you. You do the rest!

Chapter 13, Economic Performance (MA1)

Additional vocabulary: price index, market basket, standard of living, Gross National Product, real GDP

Section 1, Measuring the Nation's Output.

1. Define **GDP** and describe what is and isn't included in it. (341-3)
2. Describe how GDP is an overall measure of economic health. When GDP is high, what happens? What happens when it is low? (344)
3. Explain the difference between **personal income** and **disposable personal income**. (345-6)
4. Fully explain what **inflation** is. (350)
5. What does the **consumer price index** do, and why is it an important economic indicator? (352)
6. How is the **producer price index** different from the consumer price index? (352)
7. Read the intro to section 4, Economic Growth. From that statement, characterize the worldwide importance of an economic healthy America. Apply this to current events. (363)
8. Labor can influence economic growth. How can the issue of labor cause a problem for growth? Characterize the workforce now to what it was 30 or 40 years ago. (367)
9. Describe the economic advantages of production growth in the economy. (368)

Ch. 14, Economic Instability (MA1)

Additional vocabulary: recession, depression, economic model

10. Explain what happens in each phase of the business cycle. Include what can happen if the downturn becomes too severe. (376)
11. Explain how unemployment is calculated. What is the current unemployment rate, according to the Bureau of the Census? (382-3)
12. Describe the following types of unemployment, and include one example for each: **structural, cyclical, frictional, seasonal, technological** (384-6)
13. Explain how inflation is measured. (389) What are the four theories for the causes of inflation? (391)

Ch. 16.2, Macro Equilibrium (MA1)

Additional vocab: demand-side economics, supply-side economics, monetarism

14. Define and explain **aggregate supply** and **aggregate supply curve**. (442-3)
15. Define and explain **aggregate demand** and **aggregate demand curve**. (444-5)

Ch. 17.1 International Trade (IN1,2,3)

Additional vocab: tariff, quota, balance of trade, embargo, subsidy, foreign exchange, foreign exchange rate, balance of payments, balance of trade, trade deficit, trade surplus

16. Compare and contrast **absolute advantage** and **comparative advantage**. (466-70)
17. Why does most trade take place because of comparative advantage in the production of a good or service? (470)
18. What is the difference between a balance of trade and a balance of payments? (Look up balance of trade, it's not in the book)
19. What are some specific examples of trade barriers? Not the types of barriers, but examples of a tariff and a quota, and what was the result. (473-5)
20. Tell what the letters in the names of these trading bloc mean, and the geographical focus of the bloc: WTO, EU, NAFTA, ASEAN (477-79; some you will have to look up elsewhere)
21. Briefly list the pro and con points of trade protectionism. (474-5)
22. What is the global economic impact of the exchange rate? When exchange rates change, why do some groups benefit and other lose? (483-5)