**Economics – Ms. Gardner Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Chapter 13/14 Homework Scored by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Total Points \_\_\_\_\_\_\_\_/153**

**1. Answer the questions below clearly and completely: (\_\_\_\_\_\_\_\_\_\_/25)**

|  |  |  |
| --- | --- | --- |
| **1.** | **What does GDP stand for?** |  |
| **2.** | **What is GDP? (definition)** |  |
| **3.** | **What 3 things are excluded from**  **GDP calculations?** |  |
| **4.** | **How is GDP calculated?** |  |
| **5.** | **What does GDP *per capita* tell you about an economy?** |  |

**2. Matching. Match the letter of each term in the column on the left to the MOST ACCURATE description in the column on the right. (\_\_\_\_\_\_\_\_\_/12)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Term:** |  |  | **Description:** |
| **a.** | **GDP per capita** | **1.** |  | **The dollar amount of all final goods and services produced within a country’s national borders in a year** |
| **b.** | **Intermediate products** | **2.** |  | **Unreported legal and illegal activities** |
| **c.** | **Depreciation** | **3.** |  | **Products used to make other products already counted in GDP** |
| **d.** | **GDP** | **4.** |  | **A measure of what an average worker produces in a year** |
| **e.** | **Underground economy** | **5.** |  | **The dollar value of all final goods, services, and structures produced in one year with labor and property supplied by a country’s residents** |
| **f.** | **Gross national product** | **6.** |  | **Capital equipment that has worn out or become obsolete** |

**3. Explain three ways that economic growth benefits a country:** **(\_\_\_\_\_\_\_/12)**

|  |  |
| --- | --- |
| 1. |  |
| 2. |  |
| 3. |  |

**4. On the business cycle diagram below, identify (label) the following:**

**trough, peak, trend line, real GDP line, areas of expansion, areas of recession. (\_\_\_\_\_\_/30)**

|  |
| --- |
|  |

**5. True or False Determine whether each statement below is true or false. For true statements, circle “T.” For false statements, circle “F” and then add any necessary corrections to make them true. (\_\_\_\_\_\_\_\_/10)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Statement** | **T** | **F** | **Correction (if false):** |
| **1.** | **A recession is a sustained decrease in business activity, lasting at least four consecutive quarters** | **T** | **F** |  |
| **2.** | **The business cycle results from natural fluctuations in levels of business activity** | **T** | **F** |  |
| **3.** | **By definition, economic growth is a sustained increase in an economy’s factors of production** | **T** | **F** |  |
| **4.** | **To measure economic growth, economists watch for increases in Gross Domestic Product** | **T** | **F** |  |
| **5.** | **The end of a recession is a trough in the business cycle** | **T** | **F** |  |

**6. Match the terms below to the equations that follow: (\_\_\_\_\_\_\_\_\_/8)**

|  |
| --- |
| **Labor Force Labor Force Participation Rate**  **Employment Rate Unemployment Rate** |

|  |  |
| --- | --- |
| **Term:** | **Equation:** |
|  | **Employed + Unemployed** |
|  | **#Group Members in the Labor Force**  **#Total Population** |
|  | **# Unemployed**  **# in Labor Force** |
|  | **# Employed**  **# in Labor Force** |

**7. Indicate whether the described person is IN or OUT of the labor force. (\_\_\_\_\_\_\_/10)**

|  |  |  |
| --- | --- | --- |
|  | **In/Out** | **Situation:** |
| **1.** |  | Curt teaches AP Physics at a high school. He teaches for about 30 classroom hours each week. He also spends an additional 30 hours each week grading homework assignments and test, and preparing to give lectures. He earns a salary of $50,000 per year. |
| **2.** |  | Jason is a 14-year-old fry cook at a fast food restaurant. To get the job, he lied about his age. He works about 20 hours a week and earns $7 per hour. |
| **3.** |  | Bridget is 21. She used to be a waitress, but quit because she believed she had “too much seniority” to work on slow nights at the restaurant. Now, when her parents ask her how she plans to pay bills, she says she’s “trying to find a job.” Her friends have often heard her say, “I’m not gonna work there!” It’s been several months since Bridget has actually considered a job. |
| **4.** |  | Connor is the manager at the restaurant where Bridget used to work. He is a 24-year-old Irish-American national. At the bar, his responsibilities include bartending and hiring, as well as preparing the schedule that Bridget one resented so much. Connor works about 35 hours per week. He earns a managers salary plus any tips he shares with waitresses. |
| **5.** |  | Brett is 22. He was delivering pizza one night when he received a call, telling him his National Guard unit was being sent to Afghanistan. Before Brett left, his manager at the pizza place told him he’d still have a job when he returned. After nine months away, Brett is still in Afghanistan. |

**8. Indicate whether each person below is unemployed, underemployed, or not part of the labor force by writing the appropriate letter next to each statement. (\_\_\_\_\_\_\_\_\_/12)**

|  |
| --- |
| **a. Unemployed b. Underemployed c. Not part of the labor force** |

|  |  |  |
| --- | --- | --- |
|  | **a/b/c** | **Employment situation:** |
| **1.** |  | Amos has a degree in Music Performance. He waits tables in a resort hotel. |
| **2.** |  | Drew is a studio artist waiting to be discovered. That’s about all he does: waits. |
| **3**. |  | Anne has just finished her degree in Advertising. She would like to work for a large advertising firm, but has not found a job yet. In the past four weeks, she has submitted her resume and portfolio to over 20 firms. She has already had interviews with three of them. |
| **4.** |  | Marie was once the CFO for a multinational corporation called Sandwiche’s Inc. After Sandwiche’s Inc. merged with Plural Freshman Corporation, Marie found herself wealthy and without a job. She is now sunning herself on a private island near Sri Lanka. |
| **5.** |  | Craig once zipped through his actuarial exams in record time, becoming one the nation’s top actuaries by age 25. Now he zips through a parking lot, delivering hamburgers on roller blades. |
| **6.** |  | Joe says he doesn’t work because his wife Suzanne is better at it than he is. He does not cook or clean because he thinks she does that better too. He divides his time between a local café, where he plays board games with pseudo-intellectuals, and a tanning salon, where he works on “his color” and flirts with the employees. |

**9. Use the data below to calculate various economic measurements: (\_\_\_\_\_\_\_\_/24)**

|  |  |
| --- | --- |
| **1. Country: Tivoli**  Total Population: **100,000**  Total Population over age 16: **65,000**  Employed men: **30,000**  Employed women: **20,000**  Unemployed men: **5,000**  Unemployed women: **5,000** | **a. Number of people in the labor force: \_\_\_\_\_\_\_\_\_**  **b. Number of employed people: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **c. Number of unemployed people: \_\_\_\_\_\_\_\_\_\_\_\_**  **d. Unemployment rate: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **e. Employment rate: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **f. Female labor force participation rate: \_\_\_\_\_\_\_\_** |
| **2. Country: Frivoli**  Total Population: **50,000**  Total Population over age 16: **32,000**  Employed men: **10,000**  Employed women: **18,000**  Unemployed men: **1,500**  Unemployed women: **500**  People without jobs over age 16: **2,000** | **a. Number of people in the labor force: \_\_\_\_\_\_\_\_\_**  **b. Number of employed people: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **c. Number of unemployed people: \_\_\_\_\_\_\_\_\_\_\_\_\_**  **d. Unemployment rate: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **e. Employment rate: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **f. Male labor force participation rate: \_\_\_\_\_\_\_\_\_\_** |

**10. Categorization. Read each story, and then identify the category of unemployment. For each story, write “frictional,” “seasonal,” “cyclical,” or “structural,” as appropriate. (\_\_\_\_/10)**

|  |  |
| --- | --- |
| **Laborer’s story** | **Type of Unemployment** |
| **1. Juan is formerly a rotary telephone repairman. Now that everything is going cellular and digital, Juan’s skills are obsolete.** |  |
| **2. Elisa had a great job as an accountant in a global firm. Then there was an incident involving a paper shredder, and the next day she handed in her resignation. New job offers are pouring in, but Elisa is trying to hold out for “the one.” When she finds it, she’ll go back to work** |  |
| **3. Megan was a model for a designer of fancy Swiss watches (she’s got some good-looking wrists). When the stock market crashed, everyone who could afford those watches stopped buying them. Her boss has told her that as soon as sales pick up again, she can come back to work.** |  |
| **4. Bruce is the ex-owner of Bookworm Bungalow, a used book store. When the Kindle arrived in town, everyone stopped reading real books, let alone old ones. Bruce has had to close his shop. He’s been applying for jobs and he’s had a few interviews, but no one will hire him. Books are all that he knows.** |  |
| **5. Kyle is a ski instructor in Flagstaff, Arizona. Normally, Flagstaff is one of the ten “snowiest” cities in the U.S. This year, however, there have been fewer than three inches of snow. Flagstaff tourism has taken a dive, and the ski resorts have told the ski instructors that there would probably be better skiing next year.** |  |