CHAPTER 12 STUDY GUIDE

Vocabulary

Gross domestic product (GDP)

Intermediate products

Secondhand sales

Nonmarket transactions

Underground economy

Current GDP

Real GDP

Real GDP per capita

Gross national product (GNP)

National Income (NI)

Personal Income (PI)

Disposable personal income (DPI)

Household

Urban population

Rural population

Population pyramid
Dependency ratio

Demographers

Fertility rate

Life expectancy

Net immigration

Poverty threshold
Poverty guidelines

Food stamps

Earned income tax credit (EITC)

Enterprise zones
Workforce

12.1

1. Why is GDP a macroeconomic concept?

2. What does GDP measure and why is it important?

3. What are the different measures of national income?

4. What are the sectors of GDP?

12.2

5. For the following, what changes have occurred in the U.S.?
   a. Rate of Growth:

   b. Size of Household:

   c. Regional Change:

6. What effect will the aging population have on the economy?

7. Which will have a greater impact on the economy: a slowing fertility rate or an increasing life expectancy? Why?

8. Why is the rate of population growth declining?

12.3

9. What factors contribute to poverty?

10. How were poverty thresholds developed?

11. Which factors are most important in unequal income distribution? Why?

12. To what extent should the government financially support those in poverty?

13. What are the benefits of the EITC to a working person?