NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PERIOD: \_\_\_\_\_\_\_\_ DATE: \_\_\_\_\_\_\_\_\_\_\_\_ POINTS \_\_\_\_\_\_\_\_

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| **CHAPTER 12 STUDY GUIDE**  **Lesson 12-1 Review Questions**  **Directions:**  Read each main idea and complete the statements below. Refer to your textbook as you write the answers.  **A. The Measure of National Output**  **Main Idea:**  There are many ways to measure the value of all the goods and services produced by a country’s economy. Knowing these measures helps people take actions to improve economic performance. |

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| **1.**Gross \_\_\_\_\_\_\_\_\_\_\_\_ product, or GDP, is the dollar value on all final goods,  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and structures produced within a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ borders in a year. |

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| **2.**To measure GDP, all we have to do is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ all the final goods and services  produced in a year by their prices, and then add them up to get the total \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_of product. Since it is not possible to record every single good, service, and  structure produced, statisticians use \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to estimate. |

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| **3.**Because GDP is a measure of final output, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ produces, or goods used to  make other products, are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |

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| **4.**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sales, or the sale of used goods, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ transactions, or economic transactions that do not generate expenditures in the market, are also excluded from the  GDP. Economic activities like gambling and smuggling are part of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economy and are not counted in GDP. |

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| **5.**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GDP is unadjusted for inflation, while \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GDP is  adjusted for inflation. Because of this, sometimes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GDP looks like it is growing faster than it is because inflation adds to the price of goods and services. |

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| **6.**While GDP is a useful measure of economic activity, it cannot tell us about \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  of output; the impact production may have on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of life; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  activities; and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ product quality. |

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| **​**​  **B. Measures of National Income**  **Main Idea:**  GDP is a measure not only of total production of goods and services, but also of income, because production generates jobs and income for individuals who spend this money on goods and services. |

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| **7.**GDP is like a two-sided coin; when business activity creates additional output, jobs and income are  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |
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| **8.**The gross \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ product measures the market value of goods and services  produced by labor and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ supplied by U.S. residents. |

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| **9.**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ national product is GNP less \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which is also called  capital consumption allowances. |

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| **10.**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income is the income that is left over after all taxes except corporate profit  taxes are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from the NNP. |

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| **11.**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income is the amount of income going to consumers *before* income taxes  are subtracted, while \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income is the amount of income consumers have *after* income taxes. |

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| **​**  **C. Economic Sectors and Circular Flows**  **Main Idea:**  The economy is made up of several sectors, such as consumers, investors, and so on. These sectors receive various components of the national income, which they then use to purchase the total output. |

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| **12.**The movement of income through the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, investment, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  and net foreign sectors is described as the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ flow of economic activity. |

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| **13.**The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sector is the largest sector of the economy and consists of all the  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or basic living units, in the nation. This sector receives its income in the  form of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income. |

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| **14.**The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sector is made up of businesses, such as sole proprietorships,  partnerships, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that are responsible for producing the nation’s  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |

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| **15.**The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sector includes all local, state, and federal levels of government, and  receives its income from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |

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| **16.**The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sector includes all consumers and  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ outside the United States. This sector does not have a specific source  of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ but instead represents the difference between the dollar value of the  goods\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and that of goods purchased from abroad. |

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| **17.**The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ models shows that GDP is equal to the sum of  aggregate demand for output by all four sectors. |
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**Lesson 12-2**

**A. Population in the United States**

**Main Idea:** The census is a decadal count and analysis of the U.S. population. It examines the number of people living in the United States, where they live, their income, and other key factors that help guide government policies.

1. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the United States requires the government to periodically take a

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ , which is an official count of all the people living in the country and their

place of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

2. The Census Bureau uses the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as its primary survey unit, and classified its

data into categories like \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and rural population.

3. In the United States, the rate of population growth is slowly \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ; and there has

been a steady trend toward \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ households.

4. Because it takes a long time to plan and construct a country’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ , it is

important to understand changes in migration and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ population trends.

**B. Projected Population Trends**

**Main Idea:** Changes in the type and number of different population group’s help the government allocate resources and anticipate problems or changing circumstances. Immigration and the age structure of the nation’s population are two such significant indicators.

5. A population \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a diagram that shows the population by age group and

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

6. The baby \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that occurred after World War II make up a large segment of the

population, and as they age it is changing the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ratio.

7. Social scientists called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ study the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_density, and other

Characteristics of population. They point to three factors that affect population growth:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_life \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and net immigration.

8. A high \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ rate, coupled with longer life expectancy, indicates a

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_population.

**Lesson 12-3**

**A. Poverty**

**Main Idea:** Poverty is a relative measure based on income in comparison with the cost of living. Millions of Americans live in poverty, and government programs exist to help provide the poor with the things they need to live.

1. The poverty \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the benchmark used to evaluate the income people receive;

these are then simplified into the poverty \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or administrative guides used to

determine \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for certain federal programs

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are the most vulnerable group in America, with the largest number living in

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

3. The Lorenz \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shows how actual income \_\_\_\_\_\_\_\_\_\_\_\_\_\_ differs from the ideal.

**B. Reasons for Income Inequality**

**Main Idea:** There are many reasons why income inequality exists. The main reasons are related to education and wealth, or assets.

4. The importance of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in income equality is revealed by the fact that college

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ earn far more than those who stop schooling after high school.

5. The amount of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ one already has dramatically impacts one’s

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in later life.

6. In recent years, marginal tax rates on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ incomes have been reduced more

than rates on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ incomes, adding to the growing inequality of income.

7. Advances in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ mean that many service jobs require fewer

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_than before, and this leads to wages being \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

8. Although workplace \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is illegal, it still occurs, driving women and minority

groups into other labor markets where \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ drives wages down.

**C. Anti-Poverty Programs**

**Main Idea:** The government has instituted a host of programs intended to help the poor and the unemployed get back on their feet and start earning good incomes.

9. The federal government has tried a number of programs to help the needy, most of which fall under

the heading of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and social assistance from the

government or private agencies based on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

10. Programs that provide direct \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ assistance fall into the category of income

assistance. Programs like SNAP and Medicaid, that do not provide direct cash assistance, fall into

the category of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ assistance.

11. Individual states have developed their own variety of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_programs to help the needy; although the states \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

the kinds of services the programs provide, the federal government may \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ part

of the cost.

12. The Earned Income Tax \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a tax credit designed to partially

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_the payroll tax \_\_\_\_\_\_\_\_\_\_\_\_\_ on working families; it is designed to

encourage people to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ so that they can be eligible for the credit.

13. Workfare is a program in which \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ must provide labor

in order to receive \_\_\_\_\_\_\_\_\_\_\_\_.

14. A proposed \_\_\_\_\_\_\_\_\_\_\_\_\_\_ income tax would return tax money to people living

\_\_\_\_\_\_\_\_\_\_\_\_\_\_the poverty line.