Economics Chapter 7 Review Sheet *Directions*: *Define, identify, or answer each of the following items in the space provided or on a separate piece of paper. This will be due the day of your test.*

**Chapter 7- GDP and The Business Cycle**

1. What is the **GDP**? What are its characteristics?
2. What is meant by “**final goods and services**”?
3. What are the 4 categories used to calculate the **GDP**? Describe each.
4. Define **imports**, **exports**.
5. What is **disposable personal income**? Why is it important?
6. What is a **business cycle**?
7. What are the 4 parts of the **business cycle**? Describe each.
8. Draw and correctly label a **business cycle**.
9. What is a **recession**? What are some effects of **recession**?
10. What are 4 main forces linked to causing changes in the **business cycle**?

 **Economic Instability**

1. What is the definition of the **unemployed**?
2. How do we determine the **unemployment rate**?
3. What are the limitations of the unemployment rate?
4. Define **frictional unemployment**-
5. Define **structural unemployment**-
6. Define **cyclical unemployment**-
7. Define **seasonal unemployment**­-
8. What is **full employment**?
9. Define **purchasing power**-
10. What is **deflation**?
11. Define **hyperinflation**-
12. What are the causes of inflation according to **demand pull theory**?
13. What are the causes of inflation according to **cost push theory**?
14. What is the **wage-price spiral**?
15. What are the consequences of inflation?
16. What is the **Lorenz curve**? How is equal distribution of income shown in the model?
17. What are the reasons for income inequality?
18. How much wealth do the bottom 40% of earners control in the US?
19. What is the definition of **poverty**?
20. Define **poverty threshold**-
21. Why is the income gap growing?
22. List the various types of antipoverty programs that exist.
23. Define **welfare**-
24. What is an **enterprise zone**?
25. What is **workfare**?