

Chapter 3 Economic Activity in a Changing World

Key Concepts: Multiple Choice

Directions: Circle the letter for the word or phrase that best completes each sentence.

1. The _____ was a record period of prosperity in the United States.
a. 1930s b. 1940s c. 1970s d. 1990s

2. The total value of goods and services produced in a country in a given year is called its _____.
a. gross domestic b. standard of living c. budget surplus d. budget deficit

3. The national debt is the total amount of money the government _____.
a. spends b. borrows c. lends d. owes

4. The four stages of the business cycle are _____.
a. recession, inflation, deflation, and recovery c. deficit, recession, depression, and surplus
b. peak, recession, depression, and recovery d. surplus, recession, depression, and recovery

5. When a recession spreads from one industry to other industries it's called _____.
a. the domino theory c. the ripple effect
b. the Great Depression d. hyperinflation

6. The three economic indicators are _____.
a. surplus, deficit, standard of living c. unemployment, standard of living, deficit
b. GDP, inflation, unemployment d. GDP, deficit, employment

7. Three reasons for unemployment are _____.
a. Quit a job, got a promotion, layoffs c. Quit a job, seasonal unemployment, layoffs
b. Inflation, layoffs, quit a job d. Widespread layoffs, won the lottery, quit a job

8. To calculate the GDP, economists calculate the sum of _____.
a. consumer goods & services, business goods & services, government goods & services, standard of living
b. consumer goods & services, business goods, government goods & services, goods & services sold to other countries
c. consumer goods & services, business goods, government goods & services, goods sold to other countries
d. consumer goods & services, business goods & services, government goods & services, goods sold to other countries

9. The unemployment rate measures _____.
a. the number of people who have quit their jobs
b. the number of people who are able to work but don't want to work
c. the number of people who are able to work but don't have a job during a given period of time
d. the number of people who are able to work but can't find a job during a given period of time

10. Name **four economic eras** the U.S. economy has experienced.