

Chapter 3 Political and Economic Analysis

Section 3.2 Understanding the Economy

Section Outline with Content and Academic Vocabulary

Section Outline

The Economy and Marketing

Goals of a Healthy Economy

Economic Measurements

Labor Productivity

Gross Domestic Product

Standard of Living

Inflation Rate

Unemployment Rate

The Business Cycle

Factors That Affect Business Cycles

Government's Influence on Business Cycles

Content Vocabulary

productivity Output per worker hour that is measured over a defined time period. (p. 71)

gross domestic product (GDP) The output of goods and services produced by labor and property located within a country. (p. 72)

gross national product (GNP) The total dollar value of goods and services produced by a nation, including those produced abroad by U.S. companies. (p. 72)

inflation Rising prices. (p. 73)

consumer price index (CPI) Measures the change in price over a period of time of 400 specific retail goods and services used by the average urban household. (p. 73)

producer price index (PPI) Measures wholesale price levels in the economy. (p. 73)

business cycle Recurring changes in economic activity. (p. 75)

expansion A time when the economy is expanding. (p. 75)

recession A period of economic slowdown that lasts for at least six months. (p. 75)

depression A period of prolonged recession. (p. 76)

recovery The term that signifies a period of renewed economic growth following a recession or depression. (p. 76)

Academic Vocabulary

invest To commit (money or capital) in order to gain a financial return. (p. 75)

method A way of doing something, especially a systematic way. (p. 71)