**Domain 3: Vocabulary 1**

**Ten Words in Context**

*In the space provided, write the letter of the meaning closest to that of each* ***boldfaced*** *word. Use the context of the sentences to help you figure out each word’s meaning.*

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| 1. **Gross Domestic Product**   \_\_\_ Gross Domestic Product means | * The American economy started to suffer once the **gross domestic product** dropped below the amount of imports coming into the country. * The finance ministers were under a lot of pressure to improve the country's economic situation and, for that reason, they focused on their nation's **gross domestic product** and how they could improve it.  1. Total value of production b. single value of production c. rising prices |
| 1. **Unemployment Rate**   \_\_\_ Unemployment Rate means | * While overall the **unemployment rate** in the state of North Carolina was above the nation's average, it was especially high for retail workers. * Due to the ongoing war, the **unemployment rate** fell to record lows because of the need for workers in factories and other war-related professions.  1. Total out of work b. total currently working c. percentage of labor force out of work |
| 1. **Inflation**   \_\_\_ Inflation means | * In the 1970's, **inflation** was very high and consumers suffered because the prices of necessary commodities like food, gasoline, and homewares increased rapidly from year to year. * Minimum wage has yet to increase in some states to accommodate recent **inflation** in the American dollar, which causes lower income families to struggle.  1. Rising prices b. falling prices c. prices stay the same |
| 1. **Final Good**   \_\_\_ Final Good means | * Schwinn uses the highest quality intermediate goods such as tires, leather seats and chains in order to produce the best quality **final good**, the Schwinn Bicycle. * Marty Smith's grandfather has been transforming planks of wood into the **final good** of rocking chairs for many years now.  1. Resource good b. capital good c. purchased by the last user |
| 1. **Frictional Unemployment**   \_\_\_ Frictional Unemployment means | * **Frictional unemployment** can be illustrated by someone who leaves their current job to look for another. * After James graduated from college and started looking for a job, he became **frictionally unemployed**.  1. Temporarily unemployed b. unemployed due to lack of skills c. unemployed due to poor economy |
| 1. **Structural Unemployment**   \_\_\_ Structural Unemployment means | * Armando lost his job when his employer bought a machine that could inflate tires faster than he could so he became **structurally unemployed**. * Ricky was **structurally unemployed** so he went back to school to learn a new trade.  1. Temporarily unemployed b. unemployed due to lack of skills c. unemployed due to poor economy |
| 1. **Cyclical Unemployment**   \_\_\_ Cyclical Unemployment means | * The economy took such a sharp hit in 2008 that many people became **cyclically unemployed**. * As people began to worry about their savings, they stopped buying new cars so many auto workers became **cyclically unemployed**.  1. Temporarily unemployed b. unemployed due to lack of skills c. unemployed due to poor economy |
| 1. **Consumer Price Index**   \_\_\_ Consumer Price Index means | * I checked the **consumer price index** to compare prices of goods and services to what their price was on the previous year. * I use the **consumer price index** to determine when would be the best time to purchase items that are of necessity to me  1. List of sale prices b. list of historical prices c. list of all current prices |
| 1. **Hyperinflation**   \_\_\_ Hyperinflation means | * To cover their debt, they began to print money more liberally, but the result was **hyperinflation**, leaving they print money nearly worthless. * In 1923 the Weimer Republic in Germany experienced **hyperinflation** to the extent that a wheelbarrow of currency was necessary to purchase a simple loaf of bread.  1. Rapid decrease in price b. rapid increase in price c. steady increase in price |
| 1. **Stagflation**   \_\_\_ Stagflation means | * During our latest period of **stagflation**, we saw our consumer buying power go down, our unemployment rate go up and the cost of goods go up; it is very apparent in Detroit, Michigan.  1. recovery b. decrease in prices and unemployment c. increase in prices and unemployment |

**Matching Words with Definitions**

*Following are definitions of the ten words. Clearly write or print each word next to its definition. The sentences above and on the previous page will help you decide on the meaning of each word.*

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Rising prices with falling GDP and rising Unemployment Rate.
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Market value of all **final goods and services** produce within a country in a year**.**
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Unemployment because your job skills are **no longer needed.**
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Rapid inflation
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Goods that are purchased by the **last use**r and will not be resold or used to produce anything else.
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ People are out of work **temporarily** either due to seasonal work or changing jobs.
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ People are unemployed due to **fluctuations in the business cycle**
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Percentage of labor force who is not working
9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Index of all goods and services produced in a country.
10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Increase** in the price levels.