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## Economics Textbook Chapter 12

1. What is Gross Domestic Product?

a measure of the total value of goods and services produced in a country during a specific time period, usually a year or a quarter.

2. According to the website <https://www.bea.gov/news/2023/gross-domestic-product-third-quarter-2023-advance-estimate>, how many times since 2019 has America's GDP been a negative amount?

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3. Why do businesses want to sell leftover inventory – even at a loss – at the end of the year?

why businesses want to sell leftover inventory — even at a loss — at the end of the year is to reduce their taxable income.

4. What are the four concepts used by economists to figure out the GDP? (select four)

The number of goods produced, multiplied by the price for those goods

The total import tariffs from foreign countries

Factoring in only final goods (not intermediary goods)

Half the value of goods if some parts are manufactured outside the U.S.

The number of goods manufactured in the past year only

Goods manufactured in the USA only

Goods intended for sale in foreign markets.

5. Which category of spending accounts for the most purchases in the U.S.? Discretionary spending

6. Would a bedroom dresser be considered a durable good? Why?

Yes, a bedroom dresser would be considered a durable good. Durable goods are products that last for three years or more and are typically used repeatedly over a period of time.

7. Give an example (not given in the book) of a consumer nondurable good. Toothpaste

8. Go online and find out the GDP for 2022 and write it here: according to the web search results, the GDP for 2022 was \$25.46 trillion, which was a 9.21% increase from 2021.

9. Give an example (not given in the book) of a transaction for goods or services that would not be included in the GDP (unrecorded transactions).

paying a friend to mow your lawn

10. What is a trade deficit? A trade deficit is a situation in which a country buys more from other countries than it sells to them.

11. Do you approve or disapprove of having a trade deficit to a country that doesn't buy much from the USA, but supplies nearly all our coffee, which we cannot produce for ourselves? Why?

Approve: Having a trade deficit with a country that supplies nearly all our coffee could be beneficial for the USA, because Coffee is a highly demanded and valued product in the USA, and it is not feasible to produce it domestically due to climatic and geographic constraints. Therefore, importing coffee from a reliable and efficient supplier is essential for satisfying the consumer preferences and maintaining the quality of life in the USA.