



Economics Textbook Chapter 12

1. What is Gross Domestic Product?

The total dollar value of all final goods and services a nation's industries produce within its borders in a year

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?

4 times so far

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

To put it simply, it's because the businesses don't want to have to pay taxes on the product they didn't sell.

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.? Personal consumption expenditures

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

Yes, because it is made to last for many many years.

7. Give an example (not given in the book) of a consumer nondurable good. Toothbrushes, made to last a month or two at most.

8. Go online and find out the GDP for 2022 and write it here: 20.89 trillion which is an absolutely insane amount of money

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).

Used cars or things sold in facebook market place.

10. What is a trade deficit? It is a negative balance of trade.

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?

Yes, because I love coffee with all my heart and it would take weeks for me to detox from it.