**Unit 3 Macroeconomics, Guided Reading Questions \*\*Class Copy**

**Guided Reading 3.1**

1. What three sectors of the economy interact with and rely on one another for revenue, goods and services, and factors of production?
2. Why do economists analyze data of economic activity?
3. How do nations measure economic growth?
4. Why do nations want steady growth?
5. What are some things that are associated with economic growth?
6. Which graph do economists use to illustrate economic growth?
7. What does price stability refer to?
8. What is used to measure price changes?
9. How do price predictions impact our personal finances?
10. What does full employment refer to?
11. How does consumer demand impact profits of entrepreneurs?
12. How does consumer demand and profits of entrepreneurs impact government tax revenue?
13. What is included in GDP?
14. What is included in consumer spending?
15. What is included in investment spending?
16. What is included in government spending?
17. How do they calculate net exports?
18. How does the government calculate the unemployment rate?
19. Why is full employment NOT equal to one hundred percent unemployment?
20. What is the acceptable rate of unemployment, or what the government considers full employment?
21. What are the criteria to be considered unemployed?
22. How is CPI calculated?
23. What is inflation?
24. What is deflation?
25. How is the rate of inflation calculated?
26. What do rising price levels typically say about the economy?
27. What is the difference between REAL GDP and NOMINAL GDP?
28. How is REAL GDP calculated?
29. What is aggregate demand?
30. What happens to aggregate demand when interest rates go up?
31. What is aggregate supply?
32. What happens when aggregate demand increases with regard to GDP and prices?
33. What happens when aggregate demand decreases with regard to GDP and prices?
34. What happens when aggregate supply increases with regard to GDP and prices?
35. What happens when aggregate supply decreases with regard to GDP and prices?
36. Who benefits from inflation?
37. Who is hurt by unanticipated inflation?
38. What are the four types of unemployment?
39. Define each type of unemployment and provide an example
40. What does the business cycle illustrate?
41. What do the X and Y axis represent on the business cycle?
42. What are the 4 stages of the business cycle