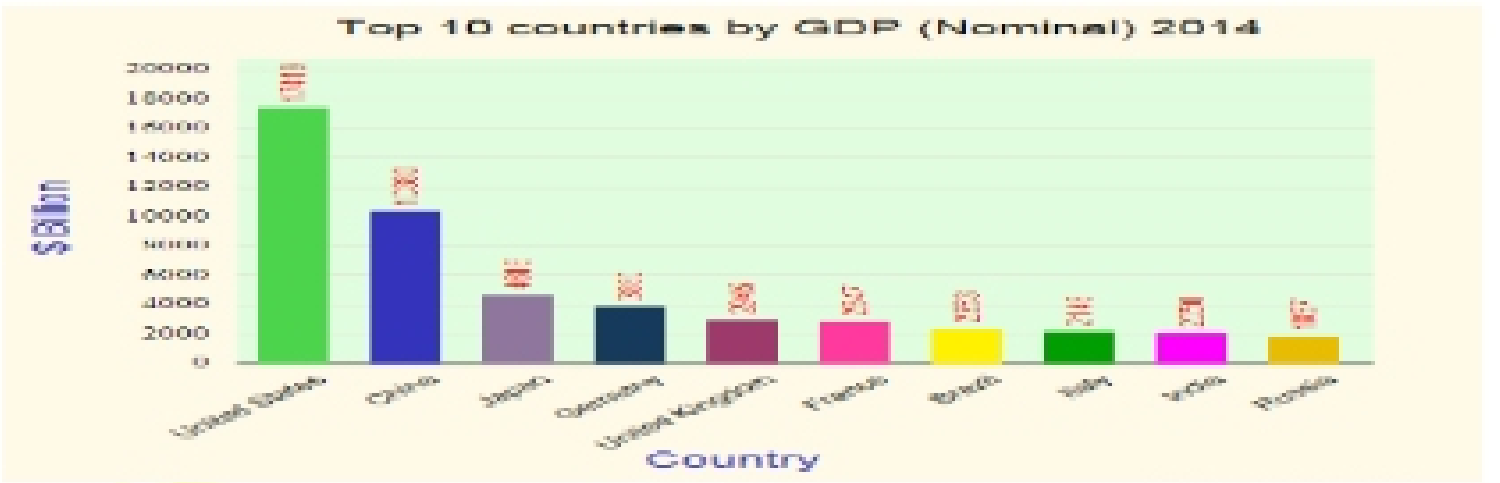
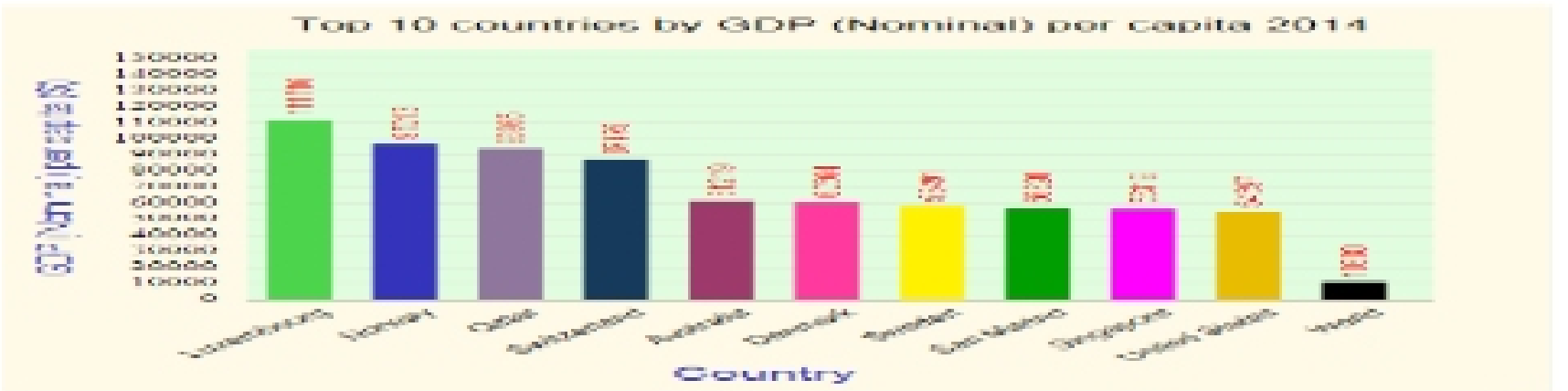
Chapter 4(8) – Measuring the Economy's Performance

_____measures the level of economic activity.

_____measures standard of living

_____ measures Economic Growth



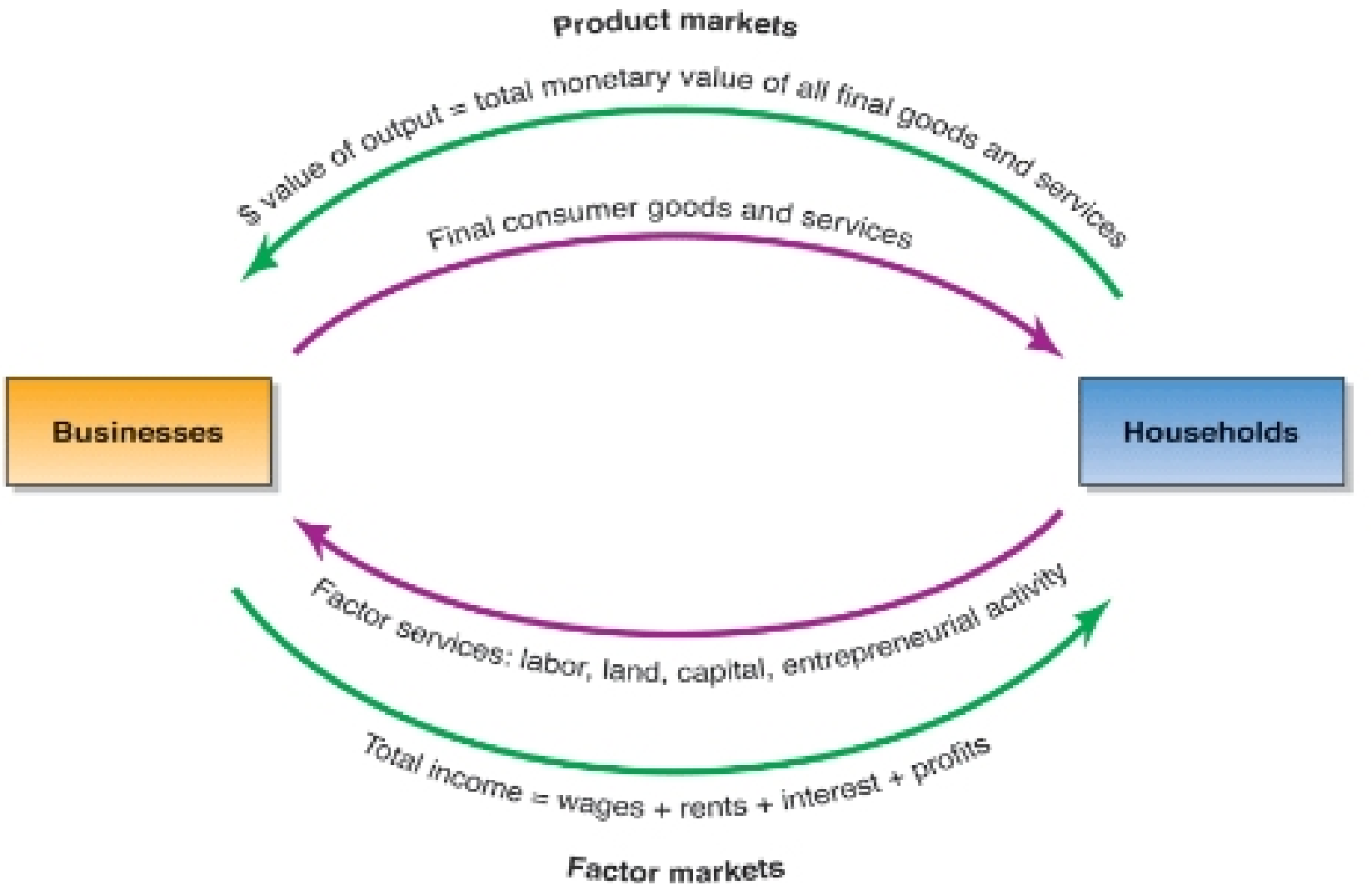


The Circular-Flow Diagram: a visual model of the _____.

Economy is the mechanism that _____ the _____.

The main way in which resources are distributed in the U.S. are through _____.
(assume no government initially)

- **Two types of "actors":**
  1. **_____ own and sell _____**
     Buy _____
  2. **_____ sell _____**
     Buy_____
- **Two markets:**
  1.
  2.



Since every dollar a buyer spends is a dollar of _____ for the seller this implies that:

Total _____ earned by households on households Goods and Services

Total _____ by

The value of the goods produced is called _____, Thus GDP measures both

1. **2.**