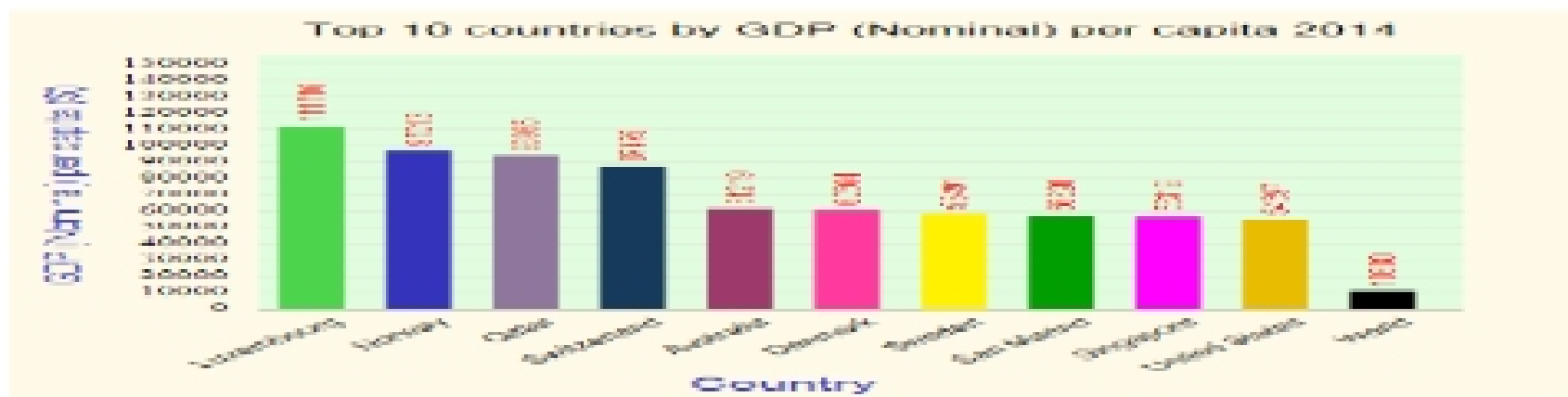
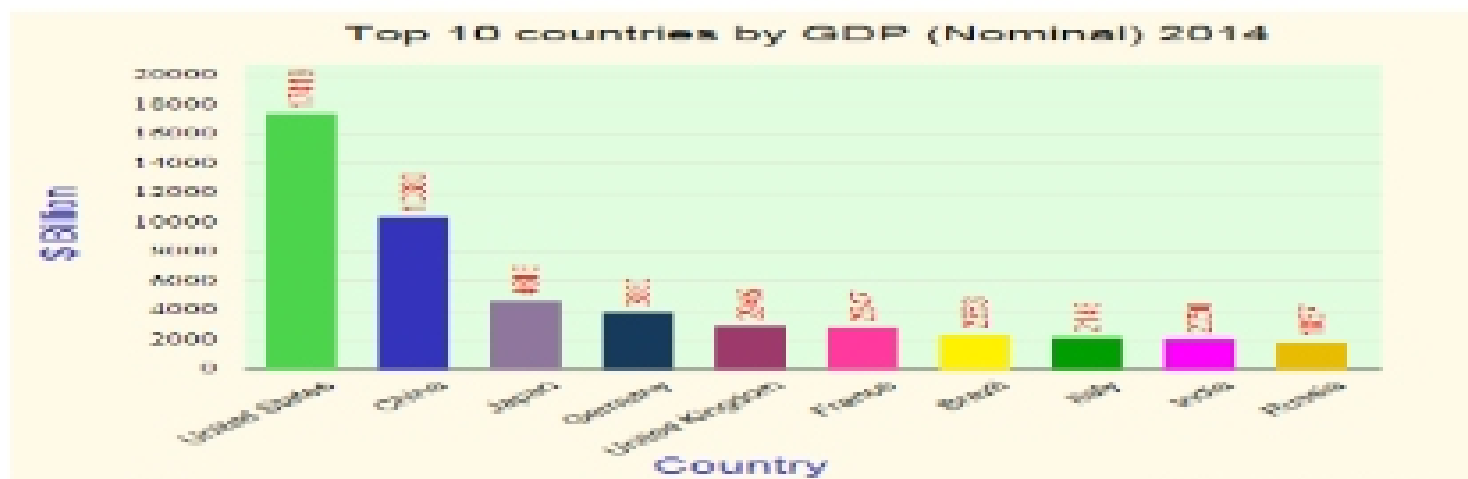


Chapter 4(8) – Measuring the Economy’s Performance

_____ 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 _____

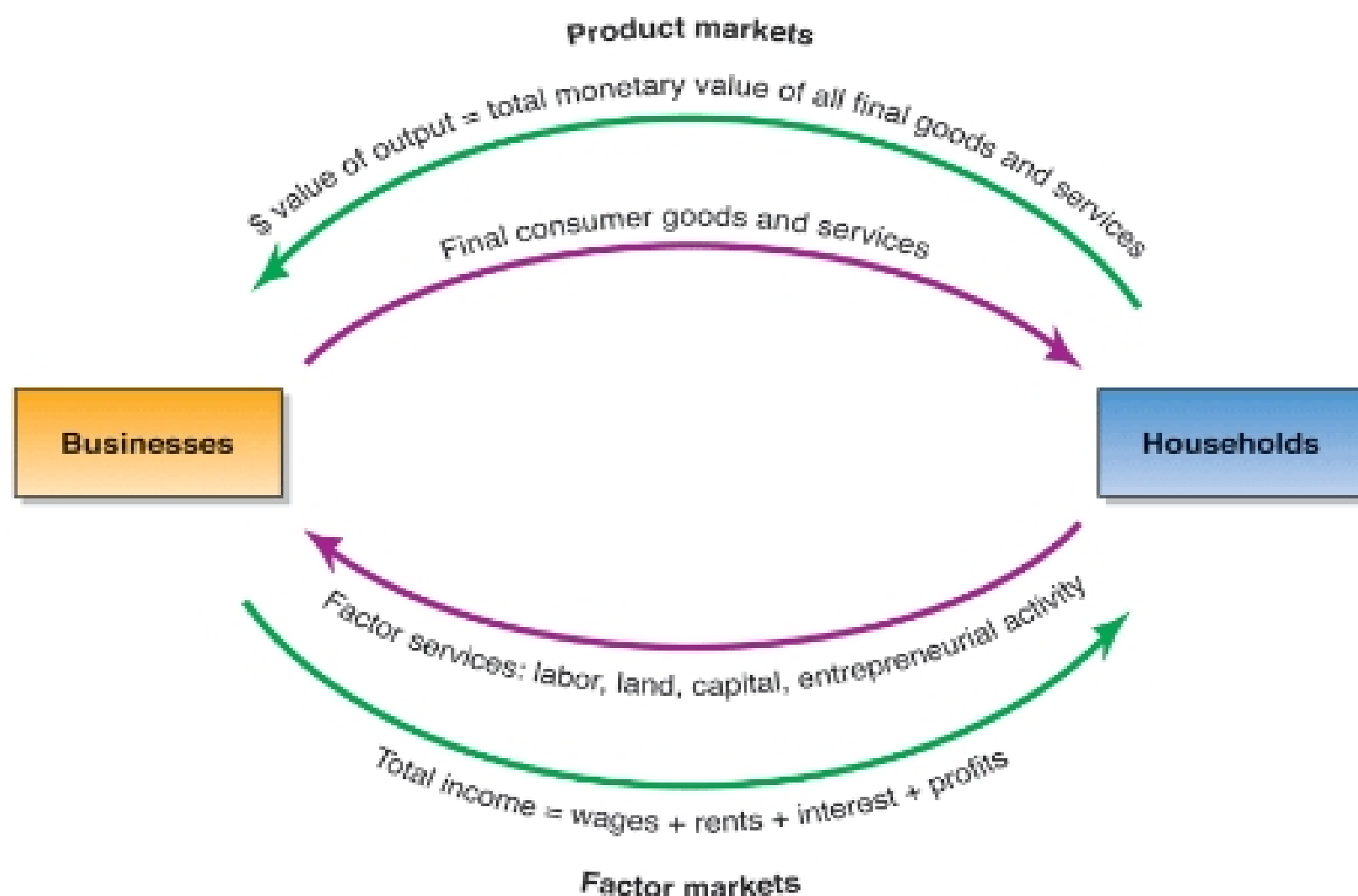
2. _____ sell _____

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. _____