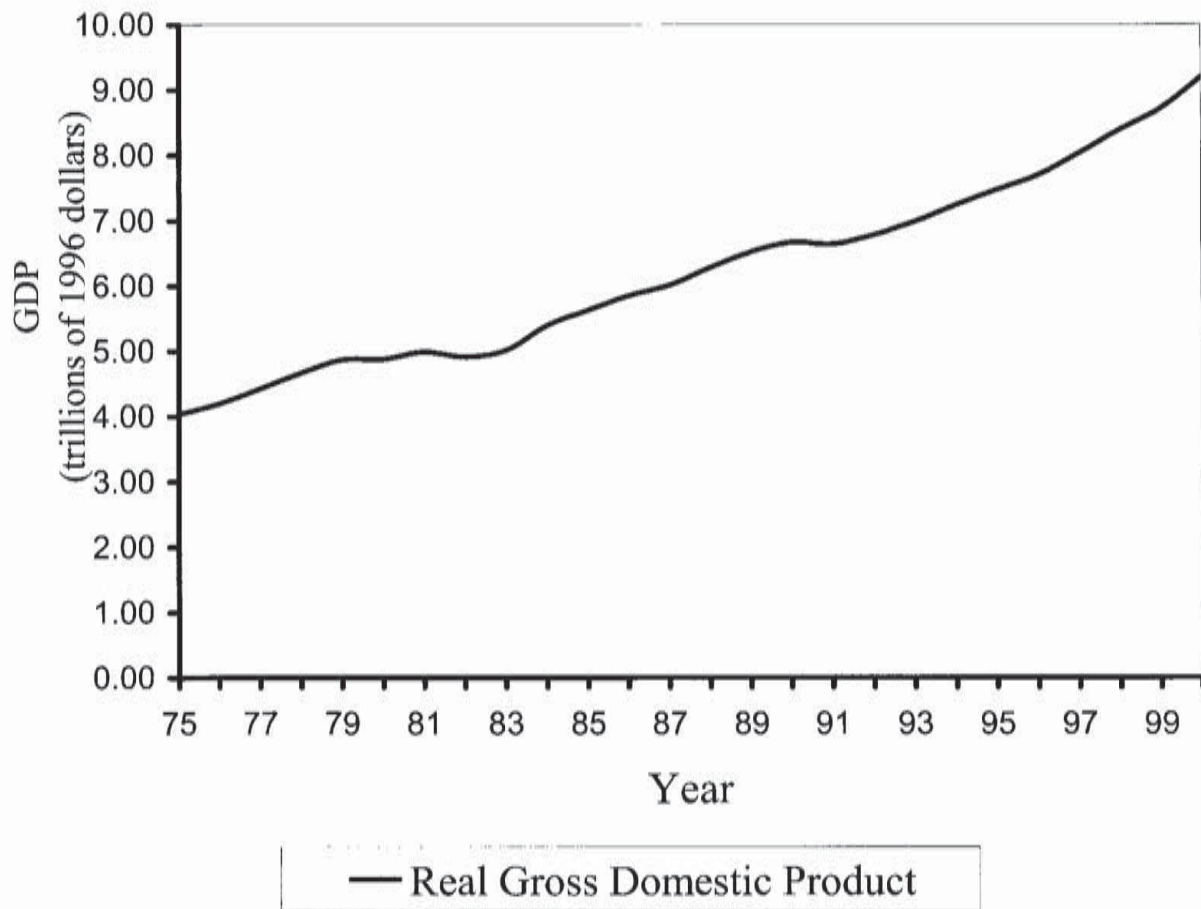


Activity 1 (A)

Gross Domestic Product 1975-1999 (in trillions of 1996 dollars)

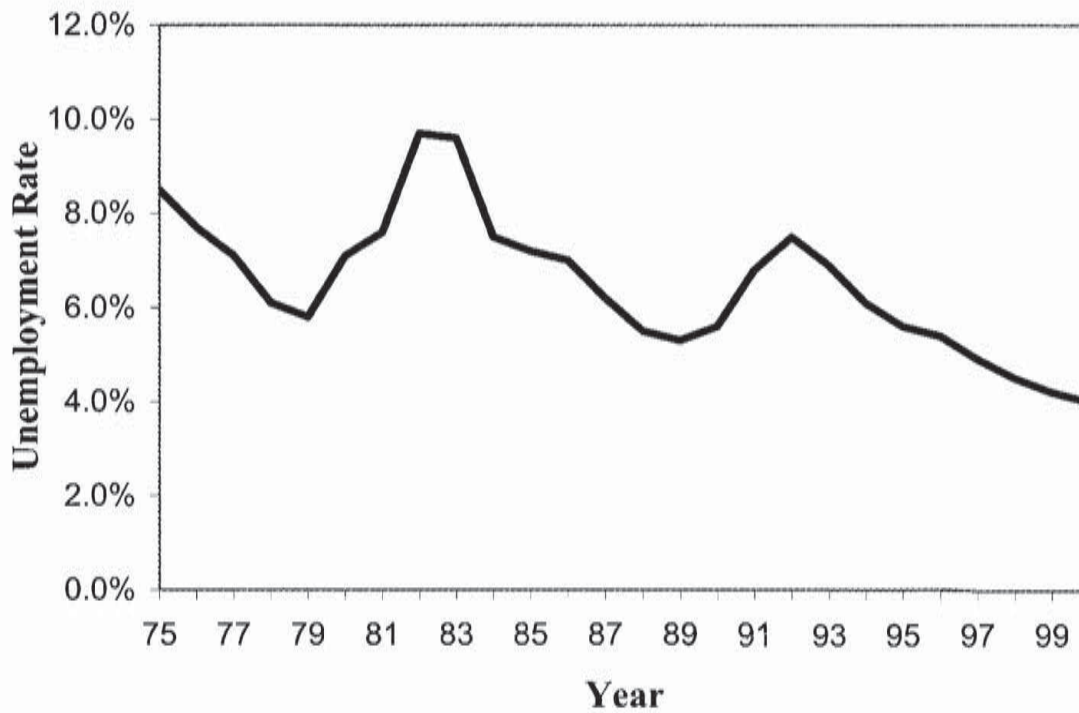


Real **gross domestic product** is the total market value of the final goods and services produced within the borders of a country during a specific year, adjusted for price changes from a base year (here, 1996).

Source: Table B-2, *Economic Report of the President, 2001*, United States Government Printing Office, Washington: 2001. Also at <http://w3.access.gpo.gov/usbudget>

Activity 1 (B)

U.S. Unemployment Rates, 1975-2000



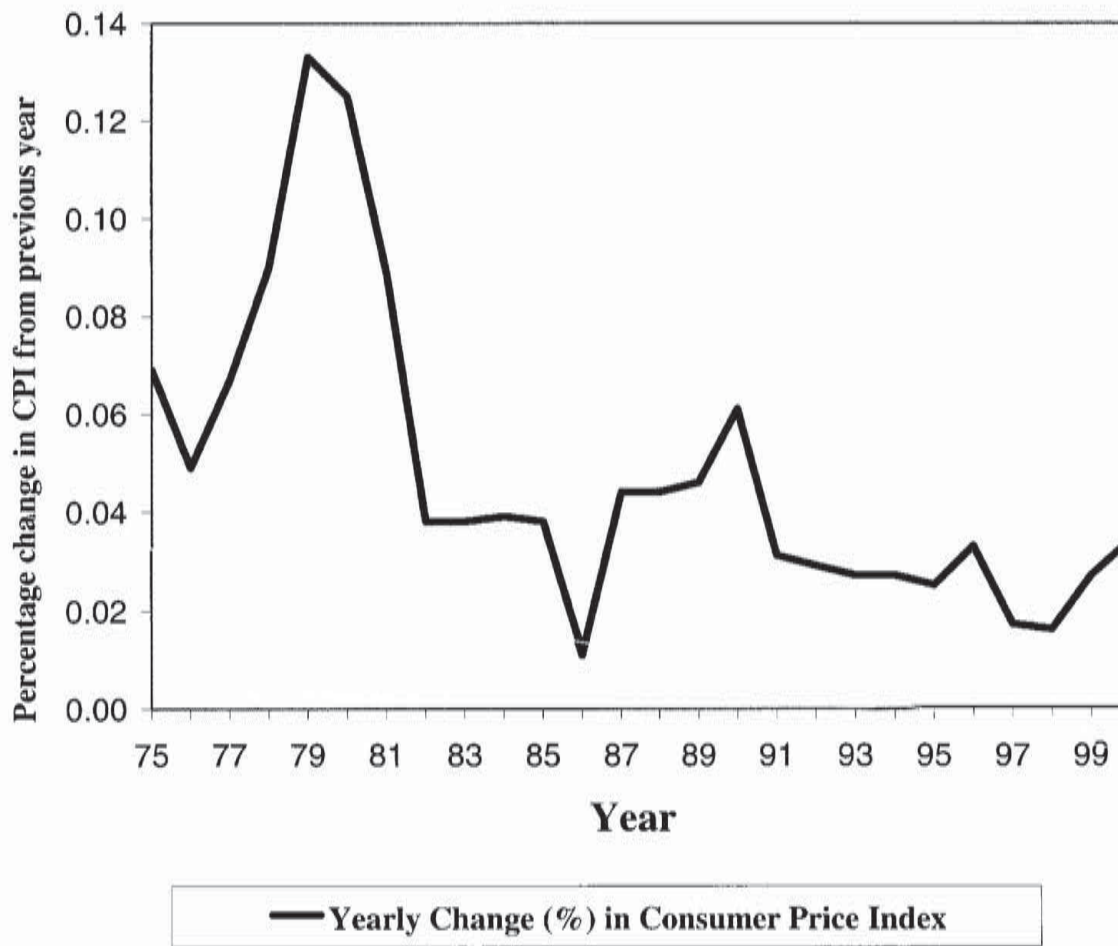
— Unemployment Rate

The **unemployment rate** indicates the percentage of the labor force that does not have a paying job. The **labor force** includes individuals 16 or older who have a job or who have actively looked for a job during the past 30 days.

Source: Table B-36, *Economic Report of the President, 2001*, United States Government Printing Office, Washington: 2001.

Activity 1(C)

Year-to-Year Changes in the Consumer Price Index 1975-2000 (December to December)

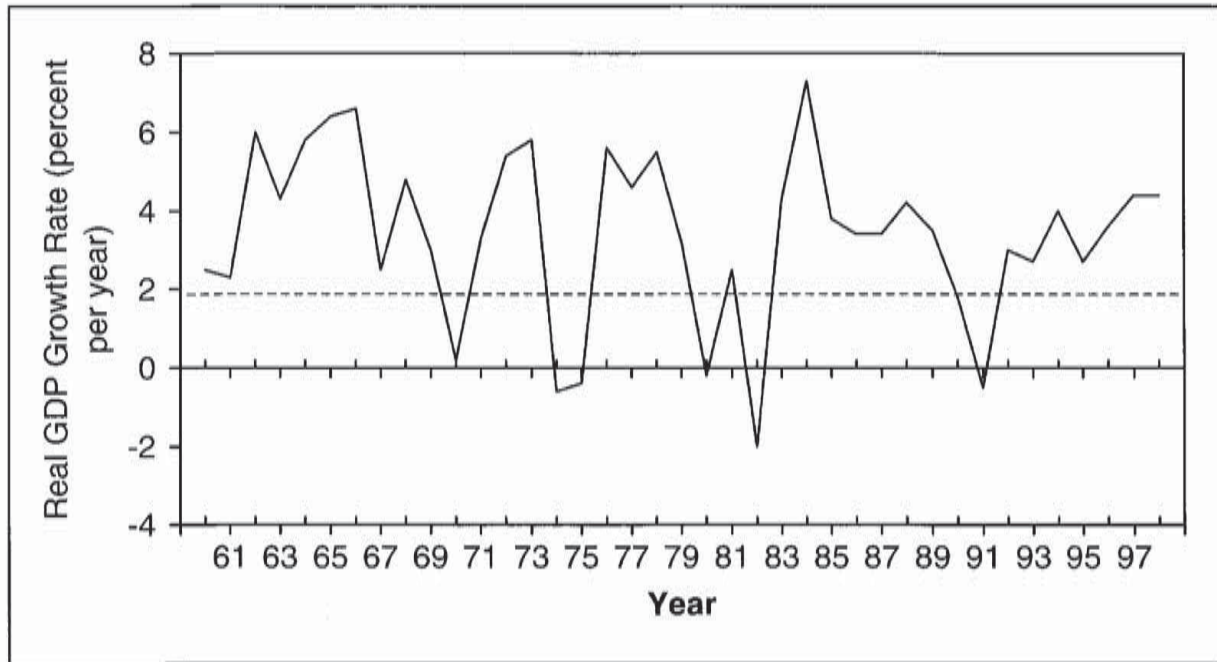


The **consumer price index (CPI)** is a measure of the average price level in the economy.

Source: Table-B-64, *Economic Report of the President, 2001*, United States Government Printing Office, Washington: 2001.

Activity 3

Economic Growth Rates, 1959-1999



— U.S. Economic Growth Rate

Economic growth is a sustained increase in real GDP.

Source: *Economic Report of the President, 2001*, United States Government Printing Office, Washington: 2001.

Activity 2

Economic Ups and Downs

Part I. Output, Unemployment, and Prices

Use the graphs from Activity 1 to answer the following questions:

- A. A **recession** is technically defined as a period when real gross domestic product (GDP) drops for six or more consecutive months. During which years did we have recessions?
- B. What happened to the unemployment rate during these recessions?
- C. What happened to the consumer price index (CPI) during and just after these recessions?
- D. Real GDP increases during a period of economic expansion. During which years did the economy expand?
- E. What was the longest period of economic expansion? What was the shortest period of economic expansion?
- F. What usually happened to the unemployment rate during periods of economic expansion?
- G. What usually happened to the CPI during economic expansions?
- H. When did the highest rate of inflation occur? When did the lowest rate of inflation occur?

Part II. Economic Growth

Use the graph from Activity 3 to answer the following questions:

- A. Did the U.S. economy always grow in the 1960s?
- B. In what periods did the U.S. economy experience negative economic growth rates?
- C. What is another name for periods of negative economic growth?