

AP Macro Flashcards PDF

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What is GDP?

Gross Domestic Product, the total value of all goods and services produced in a country in a given year.

What are the components of GDP?

Consumption, Investment, Government Spending, and Net Exports.

What is the difference between nominal and real GDP?

Nominal GDP is measured at current market prices, while real GDP is adjusted for inflation.

What is inflation?

The rate at which the general level of prices for goods and services is rising.

What is the Consumer Price Index (CPI)?

A measure that examines the weighted average of prices of a basket of consumer goods and services.

What is unemployment?

The situation when individuals who are capable of working are unable to find a job.

What are the types of unemployment?

Frictional, Structural, Cyclical, and Seasonal unemployment.

What is fiscal policy?

The use of government spending and taxation to influence the economy.

What is monetary policy?

The process by which the central bank manages the money supply to achieve specific goals.

What is the Federal Reserve?

The central bank of the United States, responsible for implementing monetary policy.