AP Macroeconomics 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 is the difference between nominal GDP and real GDP?

Nominal GDP measures a country's economic output without adjusting for inflation, while real GDP adjusts for inflation to reflect the true value of goods and services.

What is the business cycle?

The business cycle is the fluctuation in economic activity that an economy experiences over a period of time, typically consisting of expansion, peak, contraction, and trough.

What are the four components of GDP?

The four components of GDP are consumption, investment, government spending, and net exports.

What is inflation?

Inflation is the rate at which the general level of prices for goods and services rises, eroding purchasing power.

What is the Consumer Price Index (CPI)?

The Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

What is monetary policy?

Monetary policy is the process by which a central bank manages the money supply and interest rates to achieve macroeconomic objectives such as controlling inflation, consumption, growth, and liquidity.

What is fiscal policy?

Fiscal policy refers to the use of government spending and taxation to influence the economy.

What is unemployment?

The state of being unemployed, which is defined as the condition of actively seeking work but being unable to find any work.

What are the types of unemployment?

The types of unemployment include frictional, structural, cyclical, and seasonal unemployment.

What is a recession?
A recession is a significant decline in economic activity across the economy lasting longer than a few months, typically visible in GDP, income, employment, manufacturing, and retail sales.

What is a budget deficit?
A budget deficit occurs when expenses exceed revenue, indicating that the government is spending more than it earns.

What is a trade surplus?
A trade surplus occurs when a country's exports exceed its imports, resulting in a positive balance of trade.

What is the law of demand?
The law of demand states that, all else being equal, as the price of a good or service decreases, the quantity demanded increases, and vice versa.

What is the law of supply?
The law of supply states that, all else being equal, as the price of a good or service increases, the quantity supplied increases, and vice versa.

What is equilibrium price?

Equilibrium price is the price at which the quantity of a good demanded by consumers equals the quantity supplied by producers.

What is a monopoly?

A monopoly is a market structure characterized by a single seller, selling a unique product in the market.

What is perfect competition?

Perfect competition is a market structure where many firms offer a homogeneous product, and no single firm can influence the market price.

What is the role of the Federal Reserve?

The Federal Reserve is the central bank of the United States, responsible for implementing monetary policy, regulating banks, maintaining financial stability, and providing financial services.

What is the Phillips Curve?

The Phillips Curve is an economic concept that describes an inverse relationship between the rate of unemployment and the rate of inflation in an economy.