

Measuring Economic Performance | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ $(\text{Unemployed} \div \text{Labor Force}) \times 100$
- _____ Tracks price changes in everyday items.
- _____ Total value of goods and services produced.
- _____ A rise in prices over time, reducing purchasing power.
- _____ CPI overstates price increases by ignoring quality improvements.

Column B

- a. GDP
- b. CPI
- c. Inflation
- d. Unemployment Rate
- e. Inflationary Bias

Multiple Choice

1. **If GDP decreases over several years, what might this indicate about the economy?**
 - a. The economy is expanding.
 - b. The economy is contracting.
 - c. The economy is experiencing inflation.
 - d. The economy is stabilizing.
2. **Which of the following is NOT included in GDP calculations?**
 - a. Consumer spending on groceries.
 - b. Sales of items at a thrift store or garage sale.
 - c. Government spending on infrastructure.
 - d. Exports of goods and services.
3. **If the Market Basket increases from \$100 to \$110, what does this mean for consumers?**
 - a. Prices have risen, and purchasing power has decreased.
 - b. Prices have risen, but purchasing power is unaffected.
 - c. Prices have fallen, and purchasing power has increased.
 - d. Prices have fallen, but purchasing power has decreased.
4. **What is one limitation of the Unemployment Rate?**
 - a. It doesn't include discouraged workers who have stopped looking for jobs.
 - b. It doesn't include people who are actively and legally employed.
 - c. It doesn't include a measure of inflation and deflation over time.
 - d. It doesn't include workers who have been employed for a year.

Application

Imagine you are a business owner planning for next year. Which economic indicator—GDP, CPI, or Unemployment Rate—would be most important for your decision-making, and why?



Measuring Economic Performance | Answer Key

Matching

Match the definition in Column A with the term in Column B.

Column A

- d. $(\text{Unemployed} \div \text{Labor Force}) \times 100$
- b. Tracks price changes in everyday items.
- a. Total value of goods and services produced.
- c. A rise in prices over time, reducing purchasing power.
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Example Answer:

"As a business owner, CPI would be the most important indicator because it shows how prices are changing for goods and services. If inflation is high, the cost of materials and products might increase, which could impact my pricing and profit margins. Understanding CPI would help me plan for these changes and adjust my budget accordingly."

Guidance for Grading:

- Understanding:** Check that the student explains how the chosen indicator (GDP, CPI, or Unemployment Rate) provides information that can influence a business owner's decisions.
- Strategic Response:** Ensure the student considers specific factors related to the chosen indicator, such as how CPI affects pricing and costs, how GDP reflects overall economic demand, or how the Unemployment Rate impacts hiring and wages.
- Connection to Real-World Decision-Making:** Confirm that the student connects the indicator to a real-world business scenario, such as planning budgets, setting prices, deciding on hiring, or responding to economic growth or contraction.