

Business cycle	A period of macroeconomics expansion followed by a period of contraction.
Cash transfers	Direct payments of money to eligible poor people.
Externality	An economic side affect of a good or service that generates benefits or costs to someone other than the person deciding how much to produce or consume.
Free rider	Someone who would not choose to pay for a certain good or service, but who would get the benefits of it anyways if it were provided as a public good.
Gross domestic product (GDP)	The total value of all final goods and services produced in a particular economy.
In-kind benefits	Goods and services provided for free or greatly reduced prices.
Interest group	A private organization that tries to persuade public officials to act or vote according to group member's interest.
Macroeconomics	The study of the behavior and decisions making of entire economics.
Market failure	A situation in which the market does not distribute resources efficiently.
Microeconomics	The study of the economic behavior and decision making of small units, such as individuals, families, and businesses.

Poverty threshold

An income level below that which is needed to support families or households

Private sector

The part of the economy that involves the transactions of individuals and businesses

Public disclosure laws

Laws requiring companies to provide full information about their products

Public interest

The concerns of the public as a whole

Welfare

Government aid to the poor

Americans generally favor

- a. limited government intervention in the economy.
- b. strong government control of the economy.
- c. no government intervention in the economy.
- d. government control of manufacturing only.

a. limited government intervention in the economy.

Policymakers encourage all of the following EXCEPT

- a. steady growth.
- b. stable productivity.
- c. high employment.
- d. stable prices.

b. stable productivity.

Which of the following is an example of the public sector of the economy?

- a. consumers purchasing goods from a private company
- b. laborers working for a private construction company
- c. individual donations to charity
- d. government funding for a new national park

d. government funding for a new national park.

Education programs make the economy more productive by

- a. reducing taxes.
- b. providing more jobs in manufacturing.
- c. adding to human capital and labor productivity.
- d. reducing injuries on the job.

c. adding to human capital and labor productivity.