

ECO 2013 – PRINCIPLES OF MACROECONOMICS  
CHAPTER LEARNING OBJECTIVES

CHAPTER 2  
THE US ECONOMY: A GLOBAL VIEW

*The Macro Economy Today*, 11<sup>th</sup> edition by Bradley R. Schiller

As you read through Chapter 2 of the assigned textbook, use these objectives as a guide for note taking. Yes, I really expect you to read this chapter! Yes, I really expect you to take notes on what you are reading about within this chapter! That's how you LEARN new subject material! Provide an "answer" to each of the learning objectives listed below, and then cross-reference this list with the in-class lecture notes that you've taken on this chapter. Of course there will be some overlap in the coverage of topics! If it's important for you to know after reading this chapter, then it's on the list below. Remember, I use the lecture period to highlight super-important concepts and to relate them to current events. You HAVE TO read along in the textbook if you want to acquire all of the information you will need for testing purposes!

**After a careful reading of Chapter 2, the student is expected to be able to:**

- (1) Define the term *Gross Domestic Product*.
- (2) Identify which nation has the world's largest economy, when size is measured by GDP.
- (3) Define the term *per capita GDP*.
- (4) Define the term *economic growth*.
- (5) Discuss the necessary conditions for a nation's standard of living to improve over time.
- (6) Discuss how the mix of output produced in America has changed over time.
- (7) List and discuss the FOUR major uses of output in America today.
- (8) Define the term *investment*.
- (9) Explain why it is important for an economy to allocate some resources toward investment.
- (10) Define the term *income transfer*.
- (11) Define the term *exports*.
- (12) Define the term *imports*.
- (13) Define the term net *exports*.

- (14) Define the term *Comparative Advantage*.
- (15) Discuss how the pursuit of Comparative Advantage by each nation will impact global economic output.
- (16) Define the term *factors of production*.
- (17) Define the term *human capital*.
- (18) Explain the difference between a labor-intensive production process and a capital-intensive production process.
- (19) Define the term *productivity*.
- (20) Explain why American workers are so productive on the job.
- (21) Explain how technological advancements impact the economy.
- (22) Explain how factor mobility impacts the economy.
- (23) Discuss the “pros” and “cons” of outsourcing.
- (24) Discuss the FOUR basic economic roles for government and be able to give several examples of each.
- (25) Explain the relationship between economic freedom and economic growth.
- (26) Define the term income quintile.
- (27) Discuss the distribution of income in America today.
- (28) Explain how income inequality in America compares to income inequality in other countries.
- (29) Explain the relationship between income inequality and economic development.
- (30) Discuss the major components of the World Bank’s Millennium Declaration.