

# 4 Measuring the economy – Part 2

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

## Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

| English                 | 中文        | Write it 3 times (English) |
|-------------------------|-----------|----------------------------|
| Economic growth         | 经济增长      | _____                      |
| business cycle          | 经济周期      | _____                      |
| boom                    | 繁荣        | _____                      |
| recession               | 衰退        | _____                      |
| Unemployment            | 失业        | _____                      |
| frictional unemployment | 摩擦性失业     | _____                      |
| structural unemployment | 结构性失业     | _____                      |
| cyclical unemployment   | 周期性失业     | _____                      |
| Inflation               | 通货膨胀      | _____                      |
| purchasing power        | 购买力       | _____                      |
| consumer price index    | 消费者价格指数   | _____                      |
| demand-pull inflation   | 需求拉动型通货膨胀 | _____                      |
| cost-push inflation     | 成本推动型通货膨胀 | _____                      |

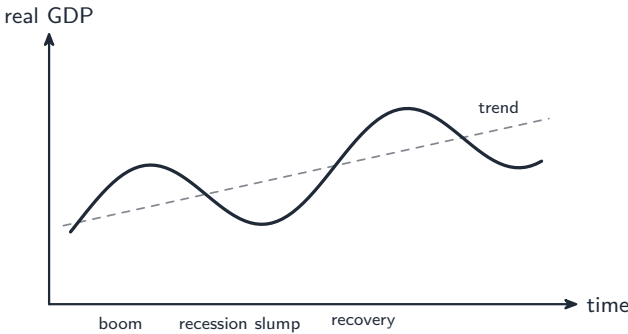
## Recall

In **Part 1** you met GDP, the circular flow of income, and aggregate demand and supply. Part 2 looks at how the economy **grows** and **swings** (the business cycle), and at two big problems — **unemployment** and **inflation**.

## New ideas

### ■ 1 Economic growth and the business cycle

**Economic growth** 经济增长 is a rise in a country's real GDP over time. But output does **not** grow smoothly. The **business cycle** 经济周期 is the up-and-down pattern of output, with four phases: **boom** 繁荣 (fast growth), **recession** 衰退 (falling output), slump (the low point), and recovery — all around a rising long-run trend.

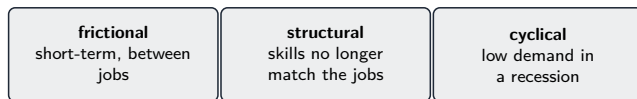


**Micro-check.** Name the phase of the business cycle where output is **falling**. [1]

### ■ 2 Unemployment

**Unemployment** 失业 means people who are able and willing to work, and looking for a job, but cannot find one. The main types:

- **frictional unemployment** 摩擦性失业 — short-term, while people move between jobs;
- **structural unemployment** 结构性失业 — an industry declines, so workers' skills no longer match the jobs;
- **cyclical unemployment** 周期性失业 — caused by low demand in a recession (usually the largest type).



**Micro-check.** Which type of unemployment rises most in a recession? [1]

### ■ 3 Inflation

**Inflation** 通货膨胀 is a sustained rise in the general price level. Money then buys less — its **purchasing power** 购买力 falls. It is measured by the **consumer price index** 消费者价格指数 (CPI), the cost of a “basket” of everyday goods.

Two causes:

- **demand-pull inflation** 需求拉动型通货膨胀 — aggregate demand rises faster than supply (“too much money chasing too few goods”);
- **cost-push inflation** 成本推动型通货膨胀 — firms’ costs rise (wages, raw materials), so they raise prices.



**Micro-check.** Inflation caused by rising wages and material costs is which type? [1]

**Watch out:** frictional unemployment = between jobs (short); structural = skills no longer match (an industry declines); cyclical = low demand in a recession (usually largest). Demand-pull inflation = demand rising too fast; cost-push = firms’ costs rising.

### Practice

**4.1** State what is meant by **economic growth**. [1]

**4.2** Name the four phases of the **business cycle**, in order. [2]

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**4.3** State which type of unemployment each describes: (a) caused by a recession; (b) caused when an industry closes and skills no longer fit. [2]

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**4.4** State what happens to the **purchasing power** of money during inflation. [1]

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**4.5** State one difference between **demand-pull** and **cost-push** inflation. [2]

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**4.6 Challenge.** A factory town’s main industry closes, and the workers cannot find new jobs because their skills do not fit other work. Name this type of unemployment and explain it. [2]

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