**Unit 3 Vocabulary**

You need a description, sentence, and image for each of the vocabulary words.

1. **Gross Domestic Product (GDP):** total value of final goods and services provided in a country during one year
2. **Aggregate supply:** total of all goods and services supplied in the economy
3. **Aggregate demand:** total of all goods and services demanded in the economy
4. **Consumer Price Index (CPI):** measurement of the price of group of goods of a typical urban consumer
5. **Business cycle:** changes in economic activity that nation experiences over a period of time
6. **Economic growth:** increase in the amount of goods and services produced over a period of time
7. **Unemployment:** number of people (between 16-65) who are actively searching for a job but unable to find work

1. **Inflation:** general increase in price and fall in the purchasing value of money
2. **Recession:** period of temporary economic decline in GDP in two consecutive quarters
3. **Depression:** long and severe recession in an economy, decline in GDP in more than 2 consecutive quarters
4. **Government deficit:** gov’t spending is more than the tax revenue in a given year
5. **National debt:** accumulation of all the money the federal government owes
6. **Federal Reserve System:** central banking system of United States
7. **Monetary policy:** plan of the Federal Reserve to regulate them money supply in the US
8. **Interest rate:** percentage of a financial loan which is paid as a fee over a period of time
9. **Fiscal policy:** gov’t collection and spending of money to influence economy
10. **Income tax:** tax levied on net personal or business income
11. **Progressive tax:** percentage of tax paid increases as income increases
12. **Proportional tax:** percentage of tax on income regardless of how much a person makes
13. **Regressive tax:** percent of tax paid decreases as income increases
14. **Sales tax:** tax on the dollar value of a good or service