4 Measuring the economy – Part 2 — Answers

Answers

4.1 A rise in a country's real output (real GDP) over time.

4.2 Boom → recession → slump → recovery.

4.3 (a) cyclical unemployment; (b) structural unemployment.

4.4 It falls — the same money buys fewer goods.

4.5 Demand-pull inflation comes from aggregate demand rising too fast; cost-push inflation comes from firms' costs rising and being passed on as higher prices. (Any clear difference.)

4.6 This is *structural* unemployment. The decline of the town's main industry has destroyed those jobs, and the workers' existing skills no longer match the jobs that remain. Until they retrain, they cannot fill the new vacancies, so they stay unemployed.