Aplia Homework: The Economy: Myth and Reality (week 2)

**1. Facts and myths about the U.S. economy**

Which of the following are myths about the U.S. economy?*Check all that apply.*

\_\_\_\_\_\_\_\_\_.

**2. Gender composition of employment**

The following graph shows, in percentages, how much of the paid labour force in the United States consisted of men and how much consisted of women in both 1950 and 2013.

Composition of Employment by Gender (%) 100806040200MenWomen1950MenWomen2013

*(****Source****: Bureau of Labour Statistics, Women in the Labour Force: A Datebook (2010 Edition), www.bls.gov/cps/cpsaat03.htm)*

What can you conclude by just looking at this graph?*Check all that apply.*

\_\_\_\_\_\_\_\_\_.

**3. Finding the key to industrial efficiency**

There are five sandwich shops in the city of Friedman town that are constantly competing for customers. Each sandwich shop always looks for ways to improve its sandwiches while keeping costs under control.

Most economists would agree that this scenario would likely lead to industrial\_\_\_\_\_\_\_\_\_\_ .

**4. The circular flow model**

The following diagram presents a circular flow model of a simple economy. The outer set of arrows (shown in green) shows the flow of dollars, and the inner set of arrows (shown in blue) shows the corresponding flow of inputs and outputs.

Based on this model, firms earn sales receipts when\_\_\_\_\_\_ purchase\_\_\_\_\_\_ in the markets for outputs.

Suppose Eileen earns $600 per week working as an analyst for A-Plus Accountants. She uses $10 to get her car washed at Spotless Car Wash. Spotless Car Wash pays Clancy $325 per week to wash cars. Clancy uses $275 to purchase tax services from A-Plus Accountants.

*In the following table, identify whether each event in this scenario occurs in the markets for inputs or the markets for outputs.*

*\_\_\_\_\_\_\_\_\_\_\_\_.*

Which of the elements of the previous scenario represent a flow from a firm to a household? This could be a flow of dollars, inputs, or outputs.*Check all that apply.*

\_\_\_\_\_\_\_\_\_\_.

**5. Allocation of government expenditures**

Federal and local governments tax and spend. The following pie charts show the allocation of federal and local government expenditures in 2012.

(**Source**: Bureau of Economic Analysis, “Government Current Expenditures by Function,” *National Income and Product Accounts Tables*, www.bea.gov)

True or False: National defence makes up the largest share of federal expenditures.

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