AP Microeconomics [last name, first name]

**The US and Global Economies**

*Chapter 2 Reading Guide*

pp 34-55

Directions: Type your responses in the space provided. Use full sentences, but be concise. Remember to save throughout so you don’t lose any of your work. Save the file as lastname.firstname.chp2.RG. When you have finished, upload this document to your Google Drive and share it with me at [wchs.ap.economics@gmail.com](mailto:wchs.ap.economics@gmail.com).

Section 2.1: What, How, and For Whom? (pp 34-39)

1. Define “consumption goods and services.”
2. Define “capital goods.”
3. Define “government goods and services.”
4. Define “export goods and services.”
5. Define “factors of production.”
6. Identify the four factors of production. Define and provide three examples of each.
7. Describe the difference between “capital” and “financial capital.”
8. Define and describe “personal distribution of income.”

Section 2.2: The Global Economy (pp 41-46)

1. How is an advanced economy defined? An emerging economy? A developing economy?
2. What percentage of production occurs in the advanced economies?
3. Explain how the advanced economies can produce about one third of the world’s food when food production is such a small percentage of their overall production.

Section 2.3: The Circular Flows (pp 48-55)

1. Define “circular flow model.”
2. Define “firm.”
3. Define “market.”
4. Define “goods market.”
5. Define “factor market.”
6. How does the Federal Government finance most of its expenditures?
7. How do local governments finance most of their expenditures?
8. Define “imports.”
9. Define “exports.”
10. Explain the concept of international finance.