Study Guide

1. Explain each type of unemployment and give at least two examples of each:

Structural

Frictional

Cyclical

1. Explain the components of GDP (the expenditure model)
2. What are the three leading economic indicators measuring economic growth?
3. How does each leading economic indicator measure economic growth?
4. What are the benefits of economic growth?
5. What is GDP per capita?
6. What does is GDP per capita measure?
7. How is GDP per capita calculated?
8. In the expenditure model of GDP, sometimes you will see Xn expressed as (x-m) or “F”. Give an example of “F”.
9. What does a rise in the inflation rate indicate?
10. What does a decline in price level indicate?
11. What are the phases of the business cycle?
12. Explain what might happen in an economy during each phase of the business cycle.
13. Give examples of who is hurt and who gains from unanticipated inflation.
14. For each example you give in #14 explain how/why they are helped or hurt by inflation.
15. Who is counted in the labor force?
16. What is the formula for calculating the unemployment rate?
17. What is the formula for calculating CPI?
18. What economic indicator measures “output”?
19. What is the relationship between income and output?
20. What is the leading cause of inflation?
21. If purchasing power in an economy declines, what happens in the economy?
22. Define the following:
    1. Unemployment
    2. Business cycle
    3. Deflation
    4. Depression
    5. Expansion
    6. Recession
    7. Trough
    8. Peak
    9. Price level