

Review for Unit Test on Chapters 7,8,and 9

Ch. 7

- Define unemployment
- Identify frictional, structural, cyclical, and seasonal unemployment
- Explain who is counted in the labor force and who is not
- Explain concept of “discouraged worker”
- Calculate unemployment rate
- Define deflation
- Define inflation
- Explain how inflation is calculated
- concept of market basket
- CPI
- Explain who is hurt by inflation
- who his helped by inflation
- Calculate the inflation rate
- real interest rate
- nominal interest rate

Ch. 8

- Define GDP
- Identify the four main components of GDP
- Explain difference between nominal GDP and real GDP
- Define GDP deflator
- Calculate GDP deflator, nominal GDP, and real GDP using two of the three numbers.
- Define and calculate per capita GDP
- Define Business Cycle
- Identify the period of expansion and contraction
- Identify the peak and trough of a business cycle

Ch. 9

- Define the concept of economic growth and explain its measurement
- Explain the benefits of economic growth
- Explain the costs associated with economic growth
- Identify factors that will contribute to economic growth

Be able to calculate:

1. GDP
2. real GDP using the deflator
3. The price index and the rate of inflation using the CPI
4. the unemployment rate
5. nominal interest rate