Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Macroeconomics Unit 2 Review

Identify the three types of unemployment. Can you give examples of each?

Which of the three classes of Unemployment is NOT included in the Natural Rate of Unemployment?

What is the formula for GDP and what does each part of the formula mean?

What three things are NOT included in calculating GDP?

What is the definition of Gross Domestic Product?

If the Nominal GDP is $100 billion and the Real GDP is $80 billion, what is the GDP Deflator?

If the Real GDP is $200 billion and the GDP Deflator is 120, what is the Nominal GDP?

If the Nominal GDP is $100 billion and the GDP Deflator is 125, what is the Real GDP?

If **Inflation** is caused by an increase in consumer demand, which type of inflation would this be? Cost-Push Inflation, the Quantity Theory of money, or Demand-Pull Inflation?

Who is hurt by unexpected inflation, borrowers or lenders?

The Quantity Theory of Money equation is M x V = P x Q. What does each letter represent?

If M increases, which opposing variable will increase in the Quantity Theory of Money equation?

Please complete the chart, calculating the CPI values for each year.

Year Market Basket Base Year 2009 Base Year 2010 Base Year 2011

2009 $10 100

2010 $20

2011 $40

 Complete the Columns. Make 2013 the Base Year

Year Units of Output Per Unit Price Nominal GDP Real GDP CPI

2012 5 $6 \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

2013 10 $8 \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

2014 20 $10 \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

2015 40 $12 \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

2016 50 $14 \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

Which is a better measure of a nation’s standard of living, unemployment rate, real GDP per capita, or inflation rate?

What is it called when real GDP declines for at least 2 quarters?

If the total civilian labor force is 100 million, and 96 million workers are employed, what is the unemployment rate?

Does GDP Deflator or Consumer Price Index measure changes in the price levels of **consumer goods**?

If the Nominal Interest Rate is 10%, and expected inflation is 8%, calculate the Real Interest Rate.

What are the three types of inflation?

What type of inflation is caused by the government creating to much money?

*Love is Unselfishly Choosing for Another’s Highest Good. Love is not an emotion. Love is a choice.*

* C.S. Lewis - Mr. Wyka