I) **The Macroeconomic Perspective: Chapter 19**
   A) What are the main components of GDP when measuring with what is demanded?
   B) What are the guidelines to determine what would be included in the country’s GDP?
   C) How can each component of GDP be changed to increase our current GDP?
   D) List and explain the four phases of the business cycle.
   E) List and explain the eight reasons that explain why GDP is not a precise measure of the standard of living in a country?

II) **Economic Growth: Chapter 20**
   A) What is capital deepening?
   B) How can the United States increase its capital deepening?
   C) What is the aggregate production function? Describe each component.
   D) For a high income country like the U.S., what elements of the aggregate production function are most important in bringing about growth in per capita GDP?
   E) What do economists mean by convergence?
   F) List and explain the arguments for and against the likelihood of convergence.

III) **Unemployment: Chapter 21**
   A) What are the guidelines used by the Bureau of Labor Statistics to count a person as unemployed?
   B) Why does the unemployment rate not reflect the actual condition of the labor markets?
   C) What are the different types of unemployment and what causes each type of unemployment?
   D) Give examples of each type of unemployment.
   E) Worker retraining programs would help people the most in which category of unemployment?
   F) Analyze a table of labor force data and be able to calculate the number of unemployed, unemployment rate and the employment rate.
   G) Define the following vocabulary: labor force, noninstitutional population, institutional population, civilian labor force, total employed, civilian employment.

IV) **Inflation: Chapter 22**
   A) What is unanticipated inflation?
   B) Who is most likely to benefit from unanticipated inflation?
   C) Who is most and who is least likely to suffer a reduction in real income during a period of unanticipated inflation?
D) Explain how the Consumer Price Index attempts to measure the rate of inflation.
E) Why do lenders of money not like high inflation to occur?
F) List and explain ways you can beat inflation.
G) What is the effect of inflation on the real interest rate of loans and savings accounts?
H) List and explain the different types of inflation.
I) Give examples of each type of inflation.
J) Analyze a situation to determine how much should your salary be next year in order to keep up with inflation.
   1- For example, if you earned $80,000 this year and the inflation rate for next year is projected to be 15%, how much should your salary be next year in order to keep up with inflation?
K) Analyze a situation to determine how much would you have to pay for an item next year based on various rates of inflation.
   1- For every $100 worth of clothing bought this year, how much would you have to pay next year if the inflation rate will be 5%?
L) Which type of inflation may actually be good for an economy?
M) How is a basket of goods used to measure the price level?
N) Why does “substitution bias” arise if the inflation rate is calculated on a fixed basket of goods?
O) Why does the “quality/new goods bias” arise if the inflation rate is calculated on a fixed basket of goods?

V) Public Choice: Chapter 18
A) Explain the theory of rational ignorance. How does it explain low voter turnout in the United States?
B) When a voting cycle occurs, why might a majority-approved choice not be approved?
C) List and explain the somewhat contradictory ideas about the relationship between markets and government.