Chapter 6

Business cycles
Recessions
GDP, unemployment & inflation
Modern economic growth

Chapter 7

National Income Accounting
Gross Domestic Product
Final goods and intermediate goods
GDP Inclusions and exclusions
Expenditure Approach
Income approach
Personal Consumption Expenditure (C)
Gross Private Domestic Investment (Ig)
Net Private Domestic Investment

Chapter 8

Economic growth
Real per capita GDP
Supply and demand factors
Labor productivity & labor force participation
Human capital
Infrastructure
Economies of scale
Role of start-ups

Chapter 9

Economic Growth – Long term
Business Cycles
Phases of the Business Cycle
Durable and Non-Durable Goods
Seasonal Variations
Productivity
Labor Force
Unemployment
Unemployment Rate
Frictional, Structural & Cyclical Unemployment
Full employment
Natural Rate of unemployment

Financial investment
Economic investment
Economic shocks – Demand and supply shocks
Prices – Flexible and “sticky”

Government Purchases (G)
Net Exports (Xn)
Characteristics of GDP
GDP and Social Welfare
Shortcomings of GDP
Consumer Price Index
Nominal and Real Values
Real GDP

Inflation
Redistributive effects of inflation
Explanations of Inflation
Consumer Price Index
Nominal and Real Income
COLA
Anticipated and unanticipated inflation
Other effects of inflation
Hyperinflation
Deflation
Real interest rates
Nominal interest rates
Chapter 10
Classical Economics and the Perfect Competition
Characteristics of the Perfectly Competitive Market Model
Keynesian Economics
Aggregate Expenditure Theory
4 Sector Model
C.P. Sector by Sector
Consumption and Savings
Income-Consumption and Income-Savings Relationships
The Consumption Function
Consumption and Savings Schedule
Average and Marginal Propensities
to Consume and Save
Global comparisons
Movement up and down a consumption schedule and a shift in the schedule
Non-Income Determinants of Consumption and Savings – Wealth, Expectations, Consumer
Indebtedness, Taxation
Investment
Expected Rate of Net Profit
The Real Interest Rate
Investment-Demand Curve
Shifts in Investment Demand –
Acquisition, Maintenance and Operating Costs, Business Taxes, Technological Change, the Stock of Capital Goods on Hand, Expectations
Investment and Income
Instability of Investment – Durability, Irregularity of Innovation, Variability of Profits & Expectations
Multiplier
Multiplier and Higher Investment Levels

Sample questions:

1. What are four (4) determinants of consumption spending, other than the level of income?
2. If the MPC = .8, the MPS must = ____________ and the multiplier is _______.
3. What are the different types of inflation?
4. If the unemployment rate is 5%, what is the employment rate?
5. What are (5) five factors that influence the shift to the right of the investment demand curve?
6. What are the differences between frictional, cyclical and structural unemployment?
7. What is full employment?
8. Define and explain the roles of the major sectors of economic activity.
9. What is the difference between a financial investment and an economic investment?
10. What are the characteristics and assumptions of the Perfectly Competitive Market Model?

Bring a Scantron #882-E form