1. Macro
   1. PPF
      1. Production Possibility Frontier
      2. Institutional PPF
         1. Natural rate of unemployment is 5%
            1. Can unemployment be under 5% and sustainable?

Yes but not sustainable

* + - 1. Can you produce to the right of the institutional PPF?
         1. Yes
    1. Physical PPF
       1. Output with 0 unemployment
       2. Can you produce to the right of the physical PPF?
          1. No

1. Unemployment
   1. Example: Find unemployment rate
      1. Population – 500,000
      2. Civilian non-institutionalized population – 400,000
      3. **Full time workers – 100,000**
      4. Full time students – 30,000
      5. Discouraged workers - 500
      6. **Part time workers – 20,000**
      7. Unemployed – 1,500
      8. Retired - 5,000
      9. Unemployment rate is:
         1. (Number of unemployed / labor force) \* 100
         2. (1500 / 121500[Part time + full time + unemployed) \* 100 = 1.2%
   2. Example 2
      1. Full time workers - 100,000
      2. Part time – 20,000
      3. Labor Force – 190,000
      4. Rate
         1. Labor force – full time - part time / labor force
         2. (70 / 190) \* 100 = 36.8%
   3. Is this statistic accurate?
      1. Unemployment is a variable that you can think of when you go to a doctor, the first thing he does is take your blood pressure, check your heart, etc
      2. This statistic doesn’t accurately reflect that maybe we have a deeper problem in the economy than the number shows, you can only figure that out by knowing the size of discouraged workers
   4. Higher unemployment rate = higher crime rate
   5. Frictional Unemployment is good because it presents a better allocation of resources
   6. **Employment Rate**
      1. When you say the employment rate it is **not** the opposite unemployed
      2. (Employer / Civilian Non-Institutionalized Population) \* 100
   7. **Labor Force Participation Rate**
      1. (Labor force / Civilian Non-Institutionalized Population) \* 100
      2. This shows possible more students are looking for jobs
      3. There are less retired
2. Price
   1. Absolute Price Level
      1. On an average this is what is happening to the price of the products in the category
      2. If rising = inflation
      3. If falling = deflation
3. Inflation
   1. Definition
      1. The upward movement of the absolute price level
      2. Absolute vs. Relative
         1. Every price you talk about is a relative price
         2. Absolute price is lets gather up a group of prices and put them as a whole and then average them
   2. Measured
      1. Through use of an index
         1. Consumer Price Index
            1. What does a consumer typically buy?
            2. Retail prices
         2. Producer Price Index
            1. What does a producers get paid when they sell their goods?
            2. Wholesale prices
      2. The indices may not go up or down at the same rate
4. Types of inflation
   1. What are the rates in which inflation happens vs what are the sources?
   2. Creeping Inflation
      1. Slow and controlled inflation, single digit inflation
      2. In a way, predictable
   3. Hyper inflation
      1. Very fast and accelerated increase in price level, annual rate in thousands