You have 10 minutes to answer the following questions. Please show all your work and circle your final answers. NO CALCULATORS.

1. William says, “The unemployment rate is 6.1%. Who cares? So what? You economics majors complain too much about the unemployment rate.” What are the costs of unemployment? In other words, why should you care about the unemployment rate?

2. Show “real GDP per person” as an equation.

3. What determines “average labor productivity”?

4. The president hires you to be his chief economist in order to increase long-run economic growth. What polices do you recommend to the president?

5. What is the difference between the “long-run” and “short-run” in macroeconomics?