1. Show graphically the effect of technological advance on the price of compact disks. In a separate graph show what happens to the price of cassette tapes as a secondary effect of the new CD technology.

2. Michael Jordan averaged 35 points per game over a 100-game season. During the playoff round of 10 games, he averaged 50 points, and in the five-game championship series, he led the Chicago Bulls to victory, averaging 40 points. For the entire season, how many points did Jordan score, what was his average, and did the championship series pull his previous average up or down?

3. Is it likely that oligopolistic firms will be in both a kinked demand curve situation and also engage in price leadership? Why or why not?

4. The interest rate is the opportunity cost of transferring spending power between time periods. However, the market mechanism may fail to provide adequately for future economic growth. List the reasons why a market might fail.

5. Explain the three growth creating properties of innovation.

6. How is the unemployment rate calculated? Describe the three principal types of unemployment.

7. Using aggregate demand and aggregate supply analysis, explain the happy coincidence of both falling inflation and decreasing unemployment in the United States during the "roaring nineties."

8. What are the main determinants of the demand for money?

9. Explain the linkages in the causal chain when the Fed conducts a contractionary monetary policy. What will be the ultimate effect on GDP?

10. Compare the effectiveness of fiscal policy in an open economy with mobile international capital to fiscal policy in a closed economy. Why is it different? Use an appropriate diagram to illustrate your answer.