

Unit 6 Study Guide – Econ

Answer the questions and define the terms. You must number each question/answer

- 1 net worth 2 board of governors 3 required reserve ratio 4 inside lag 5 open market operations
6 tax base 7 tariff 8 Medicare 9 discretionary spending 10 balanced budget

11 When you drive away from the gas pump you just paid what type of tax?

12 The Laffer Curve shows what?

13 A progressive tax is..

14 A regressive tax is..

15 A proportional tax is..

16 The four tools of Fiscal Policy are

17 Discretionary Fiscal Policy is when who/what takes action _____ ?

18 The purpose of Contractionary Fiscal Policy is to do what to the economy?

19 The Federal deficit is when ...

20 The “crowding out effect” is when what happens?

21 How would you describe a tax that is assessed according to the benefits received principle?

22 Local government revenues mostly come from which source?

23 The difference between Classical and Keynesian economics is

24 In order to borrow money, the Federal Reserve sells what?

25 What does monetary policy do to the economy and who administers it?