

Study Guide for Economics Unit III Test Macro Standards

1. Know the several categories of things NOT included in GDP.
2. What's the most important measure of inflation?
3. Define stagflation (include all elements of it).
4. AGGREGATE supply and demand, unlike regular supply and demand, apply to what?
5. To get the unemployment rate, divide the number of unemployed individuals by ... what?
6. To be considered as officially unemployed, you have to be _____ and looking for _____.
7. Know the several different types of unemployment and examples of each.
8. When consumers are not spending as much as they were, what is likely happening to the economy?
9. What defines a recession?
10. What are some characteristics of an economic boom?
11. What are some characteristics of a recession?
12. Explain the difference between a budget deficit and the national debt.
13. What are the components of the nation's GDP?
14. KNOW and KNOW WELL the business cycle diagram!
15. Define monetary policy.
16. How does monetary policy differ from fiscal policy?
17. The Fed sells bonds, what is the economic effect?
18. When the Fed buys securities, what are the effects?
19. What happens when the Fed increases the reserve rate? Decreases?
20. What tool would the Fed use to stop inflation? How?
21. How can the Fed increase the money supply?
22. Define fiscal policy.
23. When the government raises taxes, what is the likely impact on consumer and investment spending? What is the impact when taxes are lowered?

Words to be familiar with, in addition to the ones in the questions/information above:
GDP, recovery, depression, trough, peak, trend line, uptrend, downtrend, recession,
aggregate demand, aggregate supply, monetary policy