GA Milestone review, part 4: Macroeconomics **Class Copy**

Directions: Complete each part on a separate sheet of paper. You MUST choose 3 worksheets out of the 5 units to complete (test grade). Completing all 5 will earn you the test grade plus some extra credit (+5 on a test of your choosing). Completing this will also allow you to retake the Macroeconomics test, if needed.

Section 1: Fill in the Blank

1. ____= dollar amount of all final goods and services produced within a country's national borders in a year.
2. ____= a countries exports minus its imports
3. ____= dollar amount of GDP produced on a per-person basis.
4. ____= Standard of living: is the rough estimate of the quality of life that people in a country are able to afford.
5. ____= measures monthly changes in the costs of goods and services by monitoring the prices of goods/ services that are typically purchased by consumers.
6. ____= rise in overall prices
7. ____= fall in overall prices
8. ____= rise in overall prices and unemployment rate at the same time
9. ____= benefits from inflation
10. ____= does not benefit from inflation
11. ____= employed and unemployed adults.
12. ____= a labor force participant must be willing and able to work, and must have made and effort to seek work in the past four weeks to be considered this.
13. ____= transitional unemployment due to people moving between jobs, includes short term unemployment
14. ____= unemployment as a result of a mismatch in skills
15. ____= unemployment that results from downturns in the business cycle
16. ____= regular changes in employment at different time periods
17. ____= the amount of money owed by the federal government. (multiple years)
18. ____= how much money over budget the government is in a given year.
19. ____= total; _____ supply is the total supply of all products in an economy
20. ____ GDP= takes into account inflation
21. ____ GDP= does not take inflation into account
22. ____ output= real GDP
23. ____= policies that are used to help control inflation, encourage consumer spending, and motivate people to save rather than buy (controls the money supply)
24. ____= use of government spending and revenue collection (taxes) measures to influence the economy.

Section 2: True/False

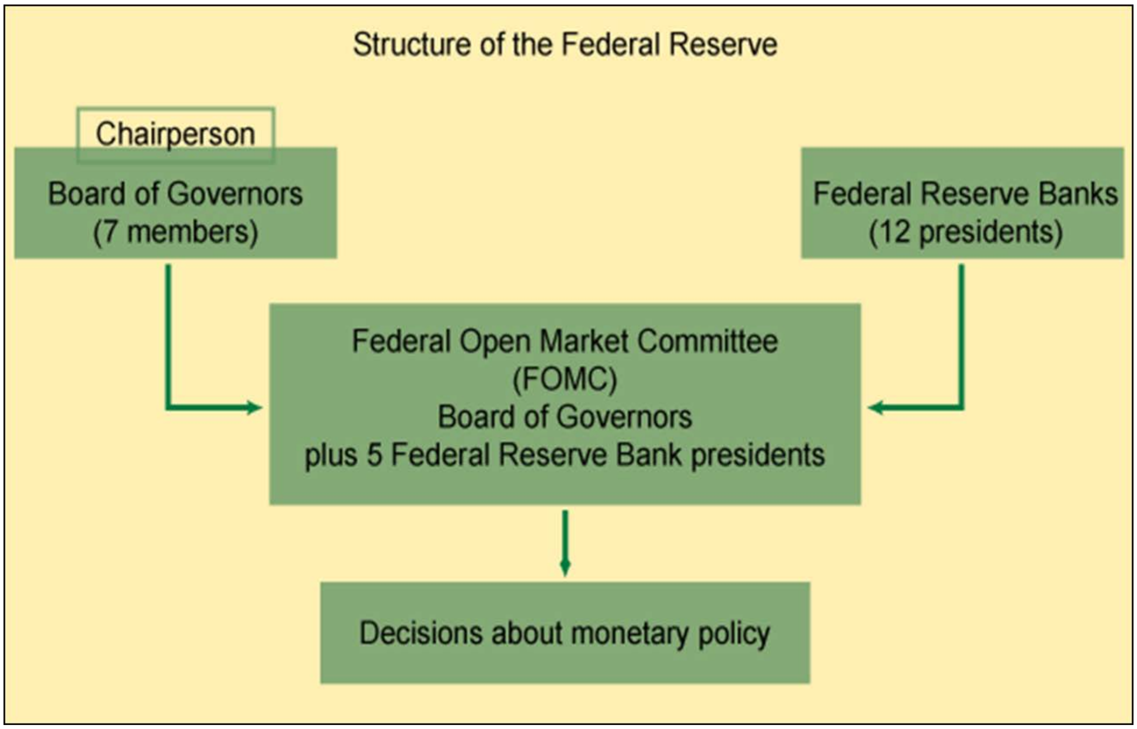
25. If the Federal Reserve raises the reserve requirement ratio for the amount of money banks have to keep, then the money supply will DECREASE and the value of U.S. currency will INCREASE at home.
26. If the Federal Reserve sells U.S. bonds in the open market, then the money supply will INCREASE and the value of U.S. currency will DECREASE at home.
27. If the Federal Reserve lowers the discount rate for banks to borrow money, then the money supply will INCREASE and the value of U.S. currency will DECREASE at home.
28. If the Federal Reserve lowers the reserve requirement ratio for the amount of money banks have to keep, then the money supply will INCREASE and the value of U.S. currency will DECREASE at home.

Section 3: Fill in the Blank, Monetary vs. Fiscal Policy

29. The government is concerned about rising unemployment, so they cut taxes and increase government spending to help boost the economy. ____________________
30. The government is concerned about rising costs, so they cut spending and raises taxes to slow down the economy. __________________
31. The economy continues to go through a period of stagflation, so the government coordinates with the Federal Reserve- the government cuts taxes and the Federal Reserve raises the reserve requirement ratio. _________
32. Prices have dropped dramatically, so the Federal Reserve lowers the discount rate so banks can borrow more money to lend to consumers. _____________

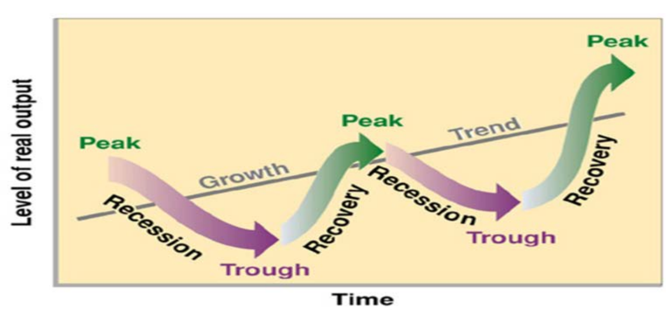
Section 4: Federal Reserve

33. The Federal Reserve has ____ districts across the United States.
34. The Federal Reserve banks must keep enough _____ on hand to supply the banks in their ______.



35. Who is selected by the President of United States and confirmed by Congress to oversee the Fed?
36. Which committee makes decisions with regard to monetary policy?
37. How many people serve on the FOMC?

Section 5: Business Cycle



38. When should the government implement expansionary fiscal policies?

39. When are prices generally at their lowest?

40. When is unemployment high and consumer confidence low?