**Economics**

**Unit 3- Macroeconomics Test Review**

1. What are the 4 stages of the business cycle? Define each and know what they look like on a graph.
2. What is the difference between GDP and Real GDP?
3. What does monetary policy influence/do?
4. How does the Federal Reserve influence economic activity?
5. What is the Consumer Price Index?
6. What does the Consumer Price Index show us?
7. What are the 4 types of unemployment we studied? Define each one.
8. What effect does the buying or selling of government securities on the open market by the Federal Reserve have on the money supply and aggregate demand?
9. What is Gross Domestic Product?
10. What is a cost of living adjustment in a worker’s contract?
11. Who are hurt most by inflation, borrowers or savers?
12. What would be the best fiscal policy to get people and businesses to spend their money?
13. What is a trade surplus?
14. What is a trade deficit?
15. What is a budget deficit?
16. What is a budget surplus?
17. What is a balanced budget?
18. How is the Federal Reserve organized?
19. What causes the Aggregate Demand curve to shift?
20. What is the relationship between the national debt and the government deficit?
21. What is the unemployment rate?
22. How is the unemployment rate calculated?
23. What is Macroeconomics?
24. Who benefits most from inflation?
25. How do you calculate GDP per capita?
26. What is the Misery Index?
27. What causes the Aggregate Supply curve to shift?
28. What is it called when real GDP declines for at least 6 months?
29. What is a discouraged worker?
30. What is the best GDP numbers to use when measuring standing of living?
31. What is expected inflation rate during a well performing economy?
32. What is the equation that makes up GDP?
33. What is the lowest unemployment rate we can achieve with growing economy and with resources being used as efficiently as possible?
34. Who controls Fiscal Policy?
35. What is the first result of inflation?
36. What should the Fed do with its 3 tools to fight a recession?
37. What is the Board of Governors?
38. What is cost-push inflation?
39. What is demand-pull inflation?
40. What happens to price level and real GDP if Aggregate Supply is decreased?

**# of Questions for each concept on test**

Macroeconomics- 1

GDP defined- 1

GDP exclusions- 1

Output-Expenditure Model- 1

Net Exports- 1

Nominal vs. Real GDP- 1

Consumer price index defined- 1

What is CPI used for- 1

Economic growth and Standard of living- 1

GDP per capita- 1

Business cycles/phases- 3

Recession- 1

Unemployment rate- 1

Discouraged worker- 1

Types of unemployment- 2

Unemployment rate target- 1

Immediate result of inflation- 1

Types of inflation- 1

Inflation/winners and losers- 2

Monetary policy/defined- 1

Who does monetary policy- 1

Monetary policy/tools- 2

Fed organization- 2

Changes in AS- 2

Changes in AD- 2

Government budgets- 1

Fiscal policy- 2

Misery index- 1

Budget deficit vs. national debt- 1

COLA’s- 1