

GOVERNMENT & ECONOMICS UNIT 4 GUIDE: Macroeconomics

STATE CONTENT

STANDARDS in this unit:

- HS.50. Explain how economic indicators (including, but not limited to GDP, unemployment, Consumer Price Index [CPI], inflation) describe the condition of the economy.
- HS.46. Distinguish between fiscal and monetary policies, and describe the role and function of the Federal Reserve.

ESSENTIAL QUESTION No. 1:

What are common Macroeconomic goals set by nations?

ESSENTIAL QUESTIONS:

ESSENTIAL QUESTION No. 2:

How do we best measure inflation, unemployment and GDP?

ESSENTIAL QUESTION No. 3:

What is the difference between fiscal and monetary policy tools, and how are they used?

The UNIT TEST is currently scheduled for Thurs. May 11

VOCABULARY: Core Concepts and Terms to Study

MICRO ECONOMICS	MACRO ECONOMICS
Study of INDIVIDUAL actors (one person, company, household)	Study of MILLIONS of actors in a TOTAL ECONOMY
Individual MARKETS	AGGREGATE economy (all markets together)
DECISION making on individual, household and company levels	Government and central bank POLICY decisions
About how people decide to ALLOCATE scarce resources	About how we MEASURE an economy (indicators) & manage it
Market SUPPLY and DEMAND	Aggregate SUPPLY and DEMAND

The Business Cycle

inflation

price level

unemployment rate

economic growth

GDP (Gross Domestic Product)

Real GDP

income inequality

Gini coefficient

fiscal policy

expansionary fiscal policy

contractionary fiscal policy

public goods

monetary policy

Federal Reserve

fractional banking system

interest rates

quantitative easing (QE)

progressive tax

regressive tax

flat tax

value-added tax (VAT)

stimulus

deficit spending

aggregate demand

aggregate supply

supply side economics