

Final - Friday June 6

## MACROECONOMICS UNIT STUDY GUIDE

1. Fiscal Policy (Ch. 9)
  - a. How much does our the fed. gov. take in each year?
    - i. From whom/what/how does it collect \$?
    - ii. Types of income taxation –
      1. proportional v. progressive tax
  - b. How do our state and local gov.'s take in revenue?
    - i. From whom/what/how?
2. How much does our federal gov. spend each year and on what? (Ch. 10)
  - a. Distribution of income –
  - b. Federal budget –
  - c. Mandatory spending –
  - d. Discretionary spending –State/Local spending – especially intergovernmental expenditures
3. Federal Deficit and National Debt (Ch. 10)
  - a. Diffs. b/t federal debt and deficit spending
  - b. Balanced budget –
  - c. How much do we owe? To whom?
  - d. Impact –
4. GDP and GNP (Ch. 13)
  - a. Definitions / what's included / formula to compute
  - b. Differences
  - c. Real GDP
  - d. Real GDP per capita
5. Supply-side vs. Demand-side Economics (Ch. 16)
  - a. Goals of both
  - b. Description of both including examples
  - c. "Trickle-down" theory
  - d. Politics of
6. Poverty in the U.S., including unemployment and its affects (Ch. 14)
  - a. Unemployment rate (incl. 5 types of unempl.)
  - b. Distrib. of income – why unequal
  - c. Reasons for
  - d. Poverty guidelines + what's the number (according to our text)?
  - e. What % of people in U.S. in poverty?
  - f. What is the "income gap" + reasons for?

7. Minimum wage (Ch. 8)
  - a. Adjusted for inflation, (real or constant dollars)
    - i. When was it "best"? How is it now, comparatively?
  - b. Pro's and con's
    - i. How might an increase affect the economy overall?
  
8. Gender and economics
  - a. Wage gap –
    - i. Why? All discrimination?
  - b. "glass ceiling" –
  - c. comparable worth –
  
9. Labor Unions (Ch. 8)
  - a. Craft unions v. trade unions
  - b. Union activities (picket, strike, boycott)
  - c. Collective bargaining –
    - i. Arbitration
    - ii. Mediation
  - d. categories of labor
    - i. theory of negotiated wages
    - ii. signaling theory
  - e. reasons for decline
  - f. set-aside contracts
  - g. part-time work
    - i. reasons for increase?
    - ii. Ramifications on economy as a whole
  
- 10. International Trade (Ch. 17)
  - a. Absolute Advantage - *a country can produce a product more efficiently*
  - b. Comparative Advantage - *ability to produce a product relatively more efficiently at a lower opportunity cost*
  - c. Arguments for and against Free Trade (Protectionism v. Free Trade)
  - d. Foreign Exchange Rate
  
11. Monetary Policy (Ch. 15)
  - a. FED and its function
    - i. Discount rate, prime rate, reserve requirements, open market operations
    - ii. Easy money v. Tight money policy
    - iii. Currency and inflation (ch. 14)
  
- 12. Phases of the Business Cycle (Ch. 14)
  - a. Expansion, Peak, Recession, Trough