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AS/AD MODEL

Analyze the effects built in stabilizers have on an economy.

- Unemployment Insurance

Illustrate how an AS/AD model shows:

- Actual GDP
- Potential GDP
- Price Level

Describe the 'shifters' of AD

- C,G,I,NE Changes
 - a. Interest rate
 - b. Tax/spending policy

Describe the 'shifters' of AS

- Commodity Prices

Describe the 'shifters' of LRAS

- Economic Growth
 - a. Technology
 - b. Capital

Retrieve/Recall

- Aggregate Demand
- Aggregate Supply
- LRAS

FISCAL POLICY

Analyze what fiscal policies are best used to correct for recessionary economies (gaps) as well as inflationary economies (gaps).

- In what direction should the taxing, spending and transfer payment tools be used?

Calculate a government deficit and surplus. Quantify their effects on the National Debt.

- Distinguish deficit from debt.

Describe the tools of fiscal policy.

- Taxing
- Spending

Identify the key components in Government Finance

- Congress
- Treasury

Distinguish between government spending and transfer payments.

- Both included in the budget
- Both affect the economy similarly.
- How are they different?

Retrieve/Recall

- Fiscal Policy
- Discretionary and Non-discretionary policy.
- Deficit, Surplus and Balanced Budgets

MONETARY POLICY

Utilize your knowledge of a central bank, money supply and the macro economy.

- Synthesize the steps from monetary policy, through money supply change to changes in AD.

Analyze monetary policy.

- Explain how each of the three monetary policy tools change the incentives in the banking system.
- Analyze how the central bank should use each tool to expand or shrink M1.

Comprehend the financial sector and the role of a central bank (Fed)

- Regulator
- Maintainer of the Money Supply
- Creator of Monetary Policy -
 - o Easy money policy
 - o Tight money policy

Retrieve/Recall

- Money Supply (M1)
- Identify the tools of Monetary Policy.
- Define the Quantity Theory of Money.