Economics 2nd 9 week’s Note Packet

Unit 4

Money

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| What is Money |
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| Functions of Money | |
| Function | What it means |
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| Types of Money | |
| Type | Definition |
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| Characteristics of Money | |
| Characteristic | Meaning |
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| Financial Institution | Services provided |
| Commercial Bank |  |
| Credit Union |  |
| Investment Bank |  |
| Central Bank |  |

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| Interest |

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| Calculating Interest |

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| Capital gains |  |
| Capital loss |  |
| Maturity |  |

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| **Saving and investing tools** | |
| Savings account |  |
| Money market deposit account (MMDA) |  |
| Time deposits |  |
| Certificate of deposit (CD) |  |
| Bonds |  |
| Tax-exempt bonds |  |
| Stocks |  |
| Mutual funds |  |
| 401K |  |
| 403B |  |
| Individual retirement account (IRA) |  |
| Roth IRA |  |

**The Money Supply**

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| Money supply |
| M1 |
| Near monies / moneys |
| M2 |

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| **Types of Money in the Money Supply** | **M1** | **M2** |
| Currency (bills and coins) |  |  |
| Checkable deposits |  |  |
| Traveler’s checks |  |  |
| Savings deposits |  |  |
| Timed deposits |  |  |
| Other near monies |  |  |

**The United States Federal Reserve System**

**(The Fed)**

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| **Functions** |
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| **Services** |
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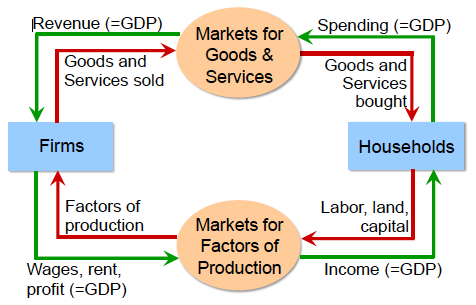
**Structure of The Fed**

**Unit 5 Notes**

**National Economic Performance**

**Gross Domestic Product**

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| **Gross Domestic Product (GDP**) |

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**Formula for GDP: Y(GDP)=C+I+G+X**

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| **C** |  |
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| **I** |  |
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| **G** |  |
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| **X** |  |
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| **In order to be counted in a nations GDP, goods and services must:** | |
| **1** |  |
| **2** |  |
| **3** |  |

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| Nominal GDP |  |
| Real GDP |  |

**Inflation**

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| Inflation |  |
| Disinflation |  |
| Deflation |  |
| Stagflation |  |
| Hyperinflation |  |

**Causes of inflation**

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| Cost-push inflation |  |
| Demand- pull inflation |  |

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| Consumer Price Index (CPI) |
| Measuring the CPI |
| Major groups in the CPI |

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| **Year** | **Annual Average** | **Annual Percent Change (rate of inflation)** |
| 1913 | 9.9 |  |
| 1914 | 10.0 | 1.3% |
| 1915 | 10.1 | 0.9% |
|  |  |  |
| 1930 | 16.7 | -2.7% |
| 1931 | 15.2 | -8.9% |
| 1932 | 13.6 | -10.3% |
|  |  |  |
| 1955 | 26.8 | -0.3% |
| 1956 | 27.2 | 1.5% |
| 1957 | 28.1 | 3.3% |
|  |  |  |
| 1996 | 156.9 | 2.9% |
| 1997 | 160.5 | 2.3% |
| 1998 | 163.0 | 1.6% |
| 1999 | 166.6 | 2.2% |
|  |  |  |
| 2010 | 218.1 | 1.6% |
| 2011 | 224.9 | 3.2% |
| 2012 | 229.6 | 2.1% |
| 2013 | 233.0 | 1.5% |
| 2014 | 236.7 | 1.6% |
| 2015 | 234.7 (Feb) | -2.0% |

**Consumer Price Index, 1913- CPI-U Base year is chained; 1982-1984 = 100**

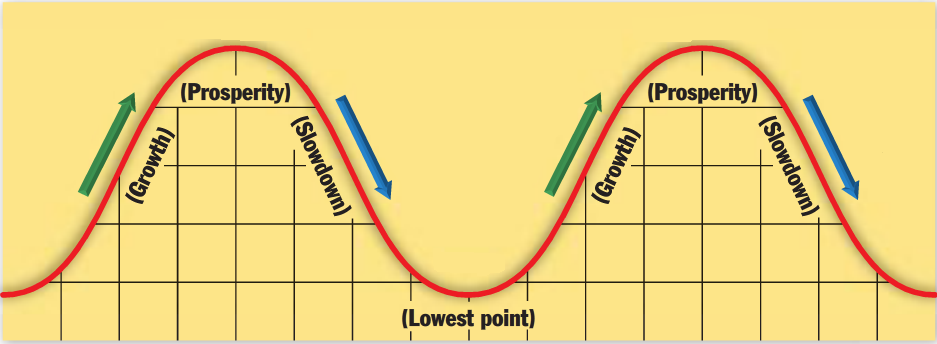
**Picturing the Economy**

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| Aggregate Demand |  |
| Aggregate Supply |  |

Aggregate Demand and Supply Curve

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**The Business Cycle**



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|  | **Term** | **Definition** |
| 1 | **Peak/Boom** | Period of prosperity in a business cycle in which economic activity is at its highest point. |
| 2 | **Contraction** | Part of the Business cycle during which economic activity is slowing down. **(Less than 6 months)** |
| 3 | **Recession** | Part of the business cycle in which the nations output (real GDP) declines for at least six months.  **(6 consecutive months or longer)** |
| 4 | **Depression** | **Major slow down** of economic activity. |
| 5 | **Trough** | Lowest part of the business cycle, in which the downward spiral of the economy levels off. |
| 6 | **Expansion/Recovery** | Part of the business cycle in which economic activity slowly increases. |

**Unemployment**

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| How is the unemployment rate calculated? |
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| What is the labor force? |
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| Who is in the labor force? |  |
| Who is not in the labor force? |  |

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|  | **Type of Unemployment** | **Definition** | **Example** |
| **1** | **Cyclical** |  |  |
| **2** | **Structural** |  |  |
| **3** | **Seasonal** |  |  |
| **4** | **Frictional** |  |  |

**Unit 6 Notes**

**The Role of Government**

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| **Fiscal Policy** |
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| **Expansionary Policy** |  |
| **Contractionary Policy** |  |

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| **Public Goods** |
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| **Social Programs** |  |
| **Social Security** |  |
| **Medicare** |  |
| **Medicaid** |  |

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| **Externalities** | |
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| **Positive** | **Negative** |
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| **National Deficit** |
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| **National Debt** |
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**Government Regulatory Agencies**

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| Acronym | Official Name | What does it do? |
| **FDIC** |  |  |
| **OSHA** |  |  |
| **EPA** |  |  |
| **SEC** |  |  |
| **FTC** |  |  |
| **FDA** |  |  |
| **FCC** |  |  |
| **EEOC** |  |  |
| **NRC** |  |  |
| **NTSB** |  |  |

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| **Sherman Anti-Trust Act** |
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**Taxation**

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| **Tax base** |  |

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| **Forms of Taxation** | | |
| **Tax Type** | **How is the tax applied** | **Example** |
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| **Other Taxes** | |
| **Tax** | **How it is collected** |
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| **Sources of Revenue** | |
| **Local** |  |
| **State** |  |
| **Federal** |  |

**Monetary Policy and the Federal Reserve**

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| **Dual Mandate** | |
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| **Tools of the Fed** | |
| **Interest Rates** |  |
| **Reserve Requirements** |  |

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| **Open market operations** | | |
| **Problem** | **Action** | **Result** |
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**Unit 7 Notes**

**Trade**

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| **Why Do Countries Trade?** | |
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| **Advantages** |
| Absolute advantage |
| Comparative Advantage |
| Specialization |

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| **Trade Balance** |
| Positive trade balance |
| Negative trade balance |

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| **Trade Restrictions** |
| Embargo / Sanctions |
| Revenue tariff |
| Protectionist tariff |
| Import quota |

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| **Trade Organizations** |
| NAFTA |

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| **Currency** |
| Exchange rate |
| Fixed exchange rate |
| Devaluation |
| Flexible exchange rate |
| Depreciation |
| Exchange Market |

