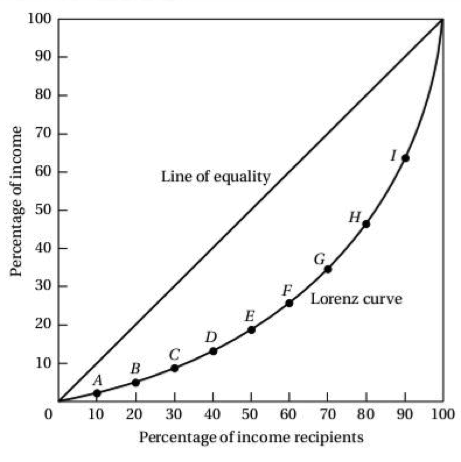


*E49* 1. The cartoon reflects the use of money as a



*E50* 2. According to the graph above, the poorest 50% of income recipients earn approximately what percent of the income in this nation?

*E51* 3. Know the definitions of M0, M1, and M2. Which one includes near monies?

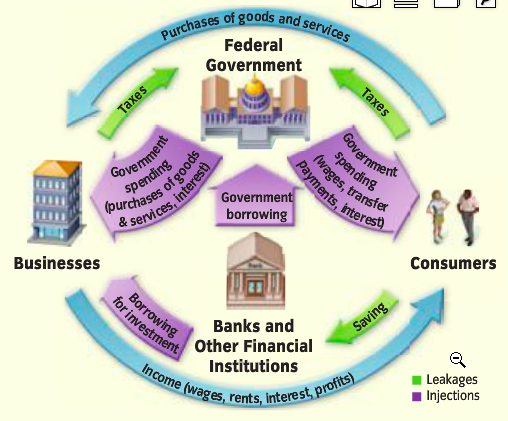
*E53* 4. What are the 6 functions of the Federal Reserve?

*E49* 5. Which function of money are we using when we compare the prices of different products in a store?

*E50* 6. Which curve is used to express the income inequality in a nation?

*E52* 7. What is a plausible incentive for consumers to put their money in a financial institution?

8. What statistic best shows cost of living?



*E52* 9. According to the graphic above, what role do banks play in the economy of the United States?

|  |
| --- |
| Because Russian currency is not trusted, real money plays a fairly small part in Russia’s economy today. Most business is conducted by barter or with IOUs. For example, workers rarely receive wages in the form of cash. A bicycle factory outside the city of Perm pays its workers in bicycles! To get cash, the workers have to sell their “paychecks.” More often than not, they simply trade the bicycles for the products they want. |

*E49* 10. According to the passage, most business in Russia is conducted without currency because Russian currency is not

|  |  |
| --- | --- |
| A | scarce. |
| B | divisible. |
| C | portable. |
| D | accepted. |

11. GDP is calculated by summing up what? Aka, what is GDP? Be able to calculate GDP.

12. Which group of people is negatively impacted by an unexpected increase in inflation the most?

13. Know the difference between disinflation and deflation.

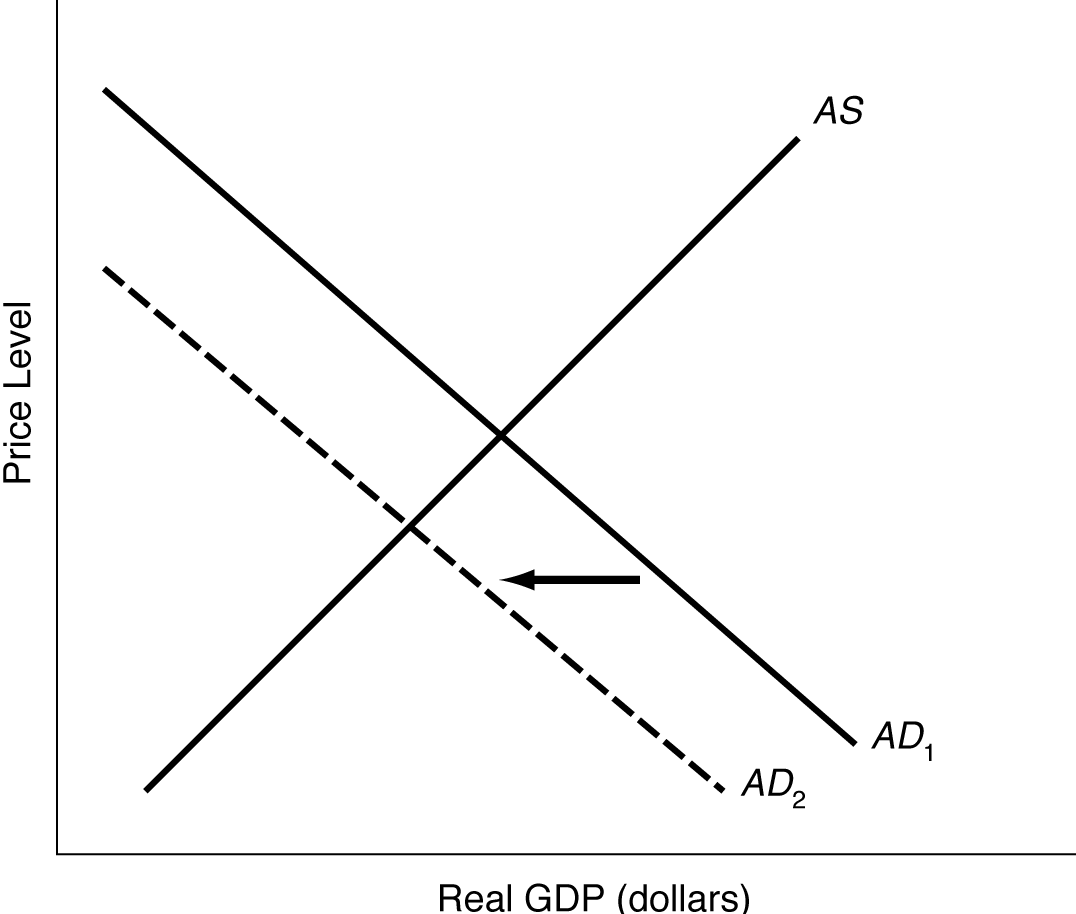
14. Understand the business cycle and that war typically increases GDP and production.

15. Define cost-push inflation and demand-pull inflation.

*E43* 16*. Headline: Whirlpool Factory Relocates from Nashville to Mexico.*  The economic event described in the headline created which type of unemployment in Nashville?

17. Define cyclical unemployment

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| --- |
|  |

 *E48* 18. What conclusion can be made about this nation’s economy

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |

*E48* 19. The shift in Aggregate Demand shown above could have been caused by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_?

*E41* 20. If the economy is slipping into a recession, what would be an appropriate fiscal policy to use?

21. Define progressive and proportional taxes.

22. What type of tax structure does Tennessee have?

*E33* 23. What are public good? List two.

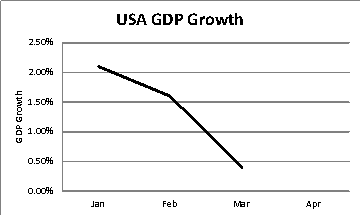
*E40* 24. Which economist believed that the government should borrow and spend to stimulate aggregate demand in order to avoid or shorten economic recessions?

25. If the New York Federal Reserve Bank sells U.S. securities on the open market what effect will it have on the economy?

*E34* 26. In the United States, the largest source of revenue for local governments is federal income tax.

*E33* 27. What historic event made people believe that there was a need for more government programs, particularly “safety net” programs for the needy?

*E38* 28. Social Security began as a “pay-as-you-go” system, meaning that payments to current retirees were paid from whom?



*E41* 29. Based on the graph shown above, which action is Congress likely to take?

*E42* 30. Expansionary monetary policy refers to the \_\_\_\_ to increase real GDP.

*E40* 31. Congress passing a bill that would set aside $500 million dollars to build a new interstate between Denver and Dallas is an example of managing the economy through which policy?

*E35* 32. A leak from a reactor at a nuclear power plant that causes radiation sickness in several employees would be investigated by which federal agencies (3)?

*E54*  33. Ideally, when two nations trade, \_\_\_\_\_\_\_\_.

*E54* 34. Saudi Arabia should devote its resources to drilling for oil and not on growing food. It can then sell oil to the world and use the money to buy food. This concept is an example of \_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| Country | Opportunity cost of producing bread |
| Albania | 4 blocks of cheese |
| Bulgaria | 6 blocks of cheese |
| Croatia | 2 blocks of cheese |
| Denmark | 5 blocks of cheese |

*E55* 35. According to the table above, which country should specialize in producing bread for the rest of the world?

*E59* 36. Which types of jobs are most likely to be outsourced from the United States to foreign factories?

|  |  |  |
| --- | --- | --- |
| **United States Merchandise Trade by Area** | | |
| **(in billions of dollars)** | | |
| **Area of the World** | | **U.S. Imports from** | **U.S. Exports to** |
| Western Europe | | $215 | $163 |
| Canada | | $201 | $167 |
| Japan | | $131 | $56 |
| Australia, New Zealand, South Africa | | $10 | $16 |
| OPEC Members (Saudi Arabia, Kuwait, Iran, and others) | | $42 | $19 |
| Source: *Economic Report of the President.* | | |

*E59* 37. With which area or areas shown in the table does the United States have a positive trade balance in merchandise?

“It’s been 10 long years since NAFTA was implemented, and the result has been the bleeding of jobs,” [Congressman Ted] Strickland said. . . . In my judgment, we have a trade policy that does not protect American jobs or American companies. . . . And the beneficiaries...are the multinational corporations [whose] only concern is how to increase the bottom line.”. . .

“These companies have gone down there and built modern factories,” Strickland said. “They pay pathetic wages . . . and within sight of those factories, people who work in those factories [are] living in the most pathetic squalor. . . . The jobs going to Mexico haven’t really benefited the Mexican workers. . . .”

Source: Adapted from Jeff Hibbs, “Strickland, Democrats Take Aim on NAFTA,” *Wilmington News Journal,* November 14, 2003.

*E61* 38. According to the passage, Congressman Strickland believes that NAFTA has affected American workers in what way?

*E55* 39. The ability of one country, using the same quantity of resources as another country, to produce a specific product at a lower cost is known as

*E60* 40. Depreciation of the Japanese yen would make Japanese products sold in the United States \_\_\_\_\_\_\_