

Unit 3: Macroeconomics

Unit Focus: In this unit, students will demonstrate their knowledge of macroeconomic concepts as they assume the role of the President's Council of Economic Advisors and develop a comprehensive national economic policy designed to combat current economic conditions. Incorporating the theme of Incentives, students will analyze how various tools of fiscal and monetary policy can be used to improve economic performance. Applying the theme of Interdependency, students will discuss the impact of fiscal and monetary policies, the trade-offs policy makers must consider, and how different policy options increase or reduce the national deficit/debt. Using the theme of Scarcity, the students discuss how a nation's economic system and its prioritization of social economic goals will influence policy options as well as the type of and distribution methods for public goods and services.

Understanding the Standards

Underline all people, terms, or events that you think are important to remember. **Circle** all the ways you will prove your mastery of the standard.

SSEMA1 The student will illustrate the means by which economic activity is measured.

- a. Explain that overall levels of income, employment, and prices are determined by the spending and production decisions of households, businesses, government, and net exports.
- b. Define Gross Domestic Product (GDP), economic growth, unemployment, Consumer Price Index (CPI), inflation, stagflation, and aggregate supply and aggregate demand.
- c. Explain how economic growth, inflation, and unemployment are calculated.
- d. Identify structural, cyclical, and frictional unemployment.
- e. Define the stages of the business cycle, as well as recession and depression.
- f. Describe the difference between the national debt and government deficits.

SSEMA2 The student will explain the role and functions of the Federal Reserve System.

- a. Describe the organization of the Federal Reserve System.
- b. Define monetary policy.
- c. Describe how the Federal Reserve uses the tools of monetary policy to promote price stability, full employment, and economic growth.

SSEMA3 The student will explain how the government uses fiscal policy to promote price stability, full employment, and economic growth.

- a. Define fiscal policy.
- b. Explain the government's taxing and spending decisions.

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