

1. FOMC stands for \_\_\_\_\_.
2. The current chairman of the Fed Board of Governors is \_\_\_\_\_.
3. The state capital of Nevada is \_\_\_\_\_.

Answer four (4) of the following six (6) questions:

1. What are the three tools of monetary policy? Compare and contrast them noting their strengths and weaknesses.
2. What is meant by fiscal policy? What are the tools of fiscal policy? What are the tools advantages and disadvantages? Why is a standardized or full-employment budget needed to evaluate fiscal policy?
3. What factors should be considered in evaluating the size of the public debt? What needs to be considered in determining if U.S. public dept is a problem?
4. What is the Federal Reserve System? What functions does it serve?
5. If \$500 cash is deposited into a commercial bank demand deposit and another customer borrows \$750 what happens to the money supply? What can be said about reserves if the reserve requirement is 20%? What is the money multiplier in this example? How much can the money supply change?
6. Is equilibrium GDP and Full-Employment GDP the same? Explain. What is meant by a recessionary expenditure gap and an inflationary expenditure gap? How can the aggregate expenditures model explain how the economy works? What does it not show?