

Chapter 16

Definitions

Money

Fiat money

Barter

Medium of exchange

Unit of account

Store of value

Liquidity

M1

M2

Currency

Thrifts

Credit Unions

Savings banks

Savings and loan associations

reserve ratio

reserve requirement

fractional reserve banking system

excess reserves

money multiplier

Analysis

Define money and explain the various roles

Distinguish between M1 and M2**

Explain the time value of money and compound interest

Define and differentiate various financial services firms (thrifts, S&L, etc.)

Explain money creation through loans in a fractional reserve system

Explore how changes in required reserves affects money creation

Connect required reserves to the money multiplier

** Recall that you will be tested on the TEXTBOOK material

Chapter 17

Definitions

Federal Reserve System

Federal Open Market Committee (FOMC)

Board of Governors of the Federal Reserve

monetary policy

expansionary monetary policy

contractionary monetary policy

Treasury securities

open market operations

federal funds rate

Analysis

Distinguish between currency, deposits, and reserves

Describe the various tools the Fed can use for monetary policy

Explain open market operations

Apply the theory of lags to monetary policy

Compare and contrast lags between monetary and fiscal policy

Connect the operation of the money market to the federal funds rate

Connect the federal funds rate to other interest rates in the economy

Contrast expansionary and contractionary monetary policy

Using AS/AD, choose the correct monetary policy response

discount rate
collateral
velocity of money
equation of exchange
quantity theory of money
quantitative easing
transactions demand
precautionary demand
speculative demand

Chapter 18

Definitions

economic growth
economic development
developing countries
Gini coefficient
human capital
research and development (R&D)
foreign direct investment (FDI)
microcredit
human capital

Analysis

Examine the role markets have in creating economic growth
Evaluate the role of government policy in helping/hindering economic growth
Examine the role of institutional factors in contributing to economic growth