

1. short-run, intermediate run, long-run
2. effects of increases and decreases in G in short, intermediate and long-run
3. IA – what is it and when does it change
4. What leads to inflation
5. What is deflation
6. Inflation: relationship between inflation, the inflation target, and Fed's interest rate policy
7. Effects of monetary policy on prices, interest rates, and spending (C, I, G, NX)
8. How long is the typical Federal budget cycle? (answer: about 2 years) What is the process of obtaining one?
9. Budget deficit (how much was the FY2012 federal deficit?)
10. Public Debt (what is the approximate size of the federal debt)
11. relationship between deficits and debt
12. entitlements
13. supplementals
14. counter cyclical policy
15. discretionary fiscal policy lags (3 of them)
16. automatic stabilizers: definition and examples
17. structural deficits and surpluses
18. Fed's balance sheet (assets and liabilities)
19. discount rate, discount loans, discount window
20. What are Fed Funds? How is the Fed Funds rate determined?
21. Treasury Bill (T-Bill). Difference between a Treasury Bill and a Treasury Note and Treasury Bond
22. money market: how are nominal interest rates determined
23. monetary policy: how does the Fed influence money supply?
24. Phillips curve. Is it stable? Why or why not.
25. Quantitative easing (QE). When is it used? Effects on Fed's balance sheet? Long-run risks of QE.
26. What are the short and long-run effects of discretionary monetary policy
27. Monetary policy rule
28. inflationary gap
29. output gap
30. Opportunity cost
31. comparative advantage
32. absolute advantage

	Output: bushels per acre	
	Wheat	Corn
Peter	5b/acre	3b/acre
Paul	4b/acre	2b/acre

33. based on a table like this figure out what the opportunity costs of wheat and corn are for Peter and Paul, tell me who has absolute advantage in each, who has comparative advantage in each, who should specialize in which crop, what the implications are of specialization and trade.
34. What would acceptable terms of trade be for Peter and Paul?