Macroeconomics

Answer keys and standards crosswalk for every worksheet in this unit.

SSEMA1 — Reading the Economy's Dashboard

FOR TEACHER USE — HOW OTHER STATES & SCHOOLS TEACH THIS

Tennessee — Tennessee's E.39, E.41, and E.43 split this standard into three focused pieces: how each measure is actually calculated, the causes and effects of inflation, and the four types of unemployment, tested separately rather than lumped together.

Massachusetts & top private schools — Massachusetts's Econ.T5.1-2 asks students to both define AND calculate GDP, unemployment, and inflation, a step further than most states. Exeter's ECO510 (Macroeconomic Issues in the United States) is built entirely around tracking these same real, current indicators, the model behind the 'Track it' activity above.

FOR TEACHER USE — ANSWER KEY

Q1 — GDP measures the total value of goods/services produced; CPI measures the average price level (cost of living); unemployment rate measures the share of the labor force without a job. Q2 — A=structural, B=seasonal, C=frictional, D=cyclical. Q3 — peak -> contraction -> trough -> recovery/expansion -> (back to peak).

SSEMA2 — The Federal Reserve

FOR TEACHER USE — HOW OTHER STATES & SCHOOLS TEACH THIS

Tennessee — Tennessee's E.37 closes this unit with a capstone debate comparing Smith, Keynes, Hayek, Laffer, and Friedman on how much government (and the Fed) should intervene in the economy, the model behind the capstone-debate activity above.

Massachusetts & top private schools — Massachusetts splits the Fed across two standards: Econ.T6.4 (its organization) and Econ.T4.10 (its monetary policy tools), the same two halves as sections 1 and 2 above.

FOR TEACHER USE — ANSWER KEY

Q1 — District Banks: regional operations/bank supervision. Board of Governors: oversees the system, sets reserve requirements. FOMC: sets monetary policy, targets the federal funds rate. Dual mandate: price stability + full employment. Q2 — a federal funds rate hike pushes mortgage rates, credit card APRs, and business borrowing costs UP, while eventually pushing savings account interest UP too, and tends to slow business expansion. Q3 — A=Smith, B=Keynes, C=Friedman, D=Hayek.

SSEMA3 — Congress's Budget, Your Budget

FOR TEACHER USE — HOW OTHER STATES & SCHOOLS TEACH THIS

Tennessee — Tennessee's E.30 has students compare a government budget to a personal budget directly, making an abstract idea, deficits and surpluses, concrete by mapping it onto a household's income and spending, the same approach section 2 uses.

Massachusetts & top private schools — Massachusetts's Econ.T4.7 asks students to predict how spending and tax changes affect deficits, surpluses, and the national debt, the same math as section 3. Econ.T4.9 then asks them to evaluate whether that policy actually promotes price stability, employment, and growth.

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FOR TEACHER USE — ANSWER KEY

Q1 — fiscal policy: Congress and the President, via taxing/spending. Monetary policy: the Federal Reserve, via interest rates and the money supply. Q3 — Year 1: -$0.5T deficit. Year 2: -$0.7T deficit. Year 3: +$0.1T surplus. Net change to debt: +$1.1T added. Q4 — accept reasoned answers: the federal government can tax, issue currency, and borrow at a national scale with a large, stable economy backing it, options a household doesn't have; this doesn't mean deficits are risk-free.