

**Remind: @phuecon20**  
**Instagram: @phueconomics**

# **Welcome back to Economics Club!**

**2/17/2021 General Meeting**

# Team Activity System - Reminders

- Google drive folders have been shared with your team
- All activities should be completed within the folder so that we can keep track of participation
  - For summaries, etc., simply create a new Google Doc and title it with whatever activity you're completing!
- The team that collects the most coins from now until the 1st round of the NEC will receive special prizes!
- For members who are not competing in the NEC: we have put you into teams as well so that you can participate in this activity system!

# Team Activity System

- Every 2 weeks (after each general meeting), we will create a google doc with questions from previous NEC tests in your team's drive. By completing a quiz, your team will receive 30 coins, and for **each** question that is correct, 2 more coins will be awarded.
- Additional activities can be completed (see below) for coins! These activities should be uploaded/completed through your team's google drive.
- By the beginning of the competition (around 2 months later), the team with the largest number of coins will receive a special prize!

## Activity

## Coins

Activity	Coins
Watch 1 Crash Course Economics Video & write a paragraph summary.	20
Watch 1 Jacob Clifford ACDC Econ Video & write a summary.	10
Complete Bi-weekly Quiz as a team (15 Questions).	30; +2 more coins for each Q correct - 60 points possible (total)
Create Flashcards on an economics topic through Quizlet.	40
Read a book about economics and write a summary w/ title of the book.	50
Read an news article about real world economics/current events and write a short summary.	30

\*Note: Additional activities may be added later.

# Today's Agenda

- Go over some quiz questions
- Fiscal Policy
- Monetary Policy
- Business Cycle
- Kahoot!

# Quiz Questions

**3. Which is the best example of a public good?**

- A. Movie tickets
- B. Street light
- C. Uber ride
- D. Shares of stock in Apple Computer

DR Micro #3

**3. Which stage of the business cycle is the US economy currently in?**

- A. Peak
- B. Recession/Depression
- C. Trough
- D. Expansion

Int. & Cur. Events - DR #3, AS #4

**3. Which order of stages of the business cycle is correct?**

- A. Expansion, trough, peak, recession
- B. Trough, expansion, peak, recession
- C. Peak, expansion, recession, trough
- D. Recession, peak, expansion, trough

DR Macro #3

# Quiz Questions Cont.

**3. Which statement is correct regarding public goods:**

- A. They are non-rival and non-exclusive.
- B. There is rivalry, but they are non-exclusive.
- C. They are non-rival, but exclusion is normal.
- D. There is rivalry and exclusion.

AS Micro #3

**1. Assume the following: the nominal interest rate is 7%; inflation is 3.2%. What is the real interest rate?**

- A. 10.2%
- B. 3.8%
- C. 4.8%
- D. -10.2%

AS Macro #1

# Fiscal Policy

- Fiscal policy is the use of government spending and revenue collection to influence the economy.
  - Government Spending
  - Taxes

# Actions of Fiscal Policy

- Expansionary policy
  - Fiscal policy that encourages economic growth
    - Higher spending, tax cuts
- Contractionary Policy
  - Fiscal policy that reduces economic growth
    - Lower spending, higher taxes
- A potential problem of expansionary fiscal policy is that it will lead to an increase in size of a government's budget deficit.
  - Debt is the accumulation of years of deficit (and the occasional surplus).



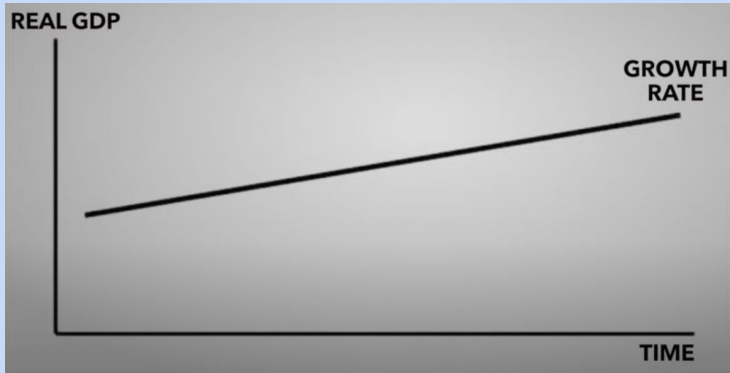
# National Debt

- Problems with the National Debt
  - Creates investment competition for private business
    - This is known as the crowding out effect (private investment spending decreases due to government spending).
  - Paying off interest on the debt is an opportunity cost.
- U.S. Debt as of Feb 2020: \$23.3 trillion
- <http://www.usdebtclock.org/>

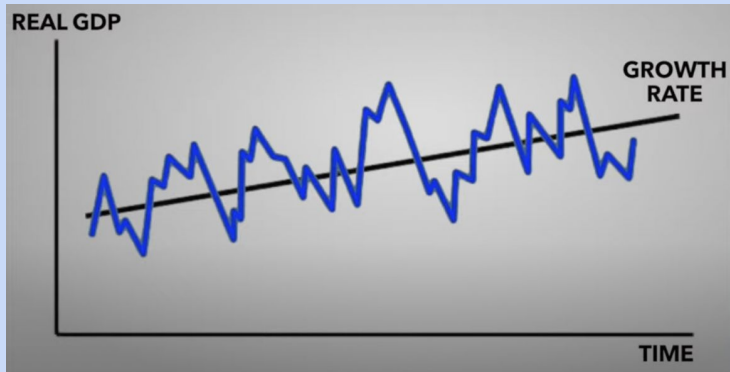
# Monetary Policy

- Monetary Policy- Actions taken by the Federal Reserve to control inflation and recession in the economy.
- There are 3 types of monetary policy:
  - Open Market Operations (buying/selling of government bonds)
  - Discount Rate (interest rate the Fed charges member banks to borrow money so they can meet their reserve requirement)
  - Reserve Requirements/ Reserve ratio (the portion of reservable liabilities banks must hold on to)
- Expansionary policies: Buy treasury bonds, Lower discount rate, Lower required reserve ratio.
- Contractionary policies: Sell treasury bonds, Raise discount rate, Raise required reserve ratio.

# The Business Cycle



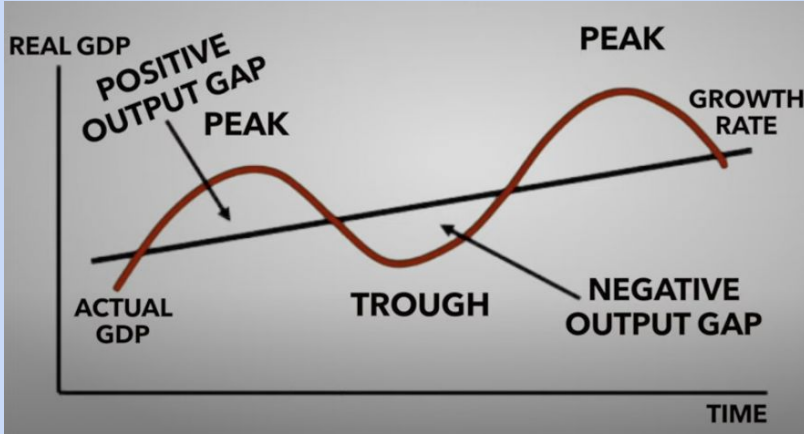
Typically, there is long run growth



What the cycle realistically looks like

- The idea that the economy has a line that represents its GDP growth over time
  - The line differs among countries (some are growing slow; some are growing fast) - but over time, there is this trend line that represents full employment.
- Year-to-year fluctuations don't stick to the trend line - they deviate (sometimes above, sometimes below).

# The Business Cycle Cont.



To simplify things, we draw the business cycle like this to show the 4 phases. However, it makes the economy seem predictable (consistent fluctuation)

## 4 phases:

- **Expansion** - economy recovers: decreasing unemployment, increasing spending & confidence
- **Peak** - unemployment is low, spending & confidence are high
- **Contraction** - GDP contracts, unemployment increases, spending falls
- **Trough** - the bottom of the cycle; GDP doesn't go any lower than this point

## Output Gaps:

- **Positive** - economy expands quickly, more spending -> inflation (overheating economy)
- **Negative** - unemployment is high, economy is sluggish (recessionary gap)

# Kahoot!

<https://create.kahoot.it/share/fiscal-and-monetary-policy/1413ca45-ebac-4dc7-b735-85f3960bb721>

# Reminders

- Remember to complete your team quizzes before next meeting!
- Do activities from the activity system!

Thank you for coming!

Questions?

Suggestions?

Comments?

Concerns?

Website: [phuhseconomics.weebly.com](http://phuhseconomics.weebly.com)

BE SURE TO JOIN OUR REMIND!!!  
(@phuecon20)

Instagram: @phueconomics

Email: [phueconomics@gmail.com](mailto:phueconomics@gmail.com)

**NEXT MEETING: 3/3/2021 via Teams**