



## CENTRAL BANKING THE CARD GAME

### ECONOMIC VOCABULARY – ANSWER KEY

**Directions:** Fill in the blank with the word that matches the definition given.

**Gross Domestic Product**      **Inflation**      **Fiscal Policy**      **Monetary Policy**      **Stagflation**  
**Economic Expansion**      **Economic Recession**      **Economic Surveys**      **Consumer Confidence**

1. **Economic Recession**      Decrease in GDP over a time period, generally at least one quarter of a year.
2. **Fiscal Policy**      Spending and taxing policies of the federal government to influence the economy.
3. **Monetary Policy**      Central bank actions to achieve such goals as maximum employment and stable prices.
4. **Consumer Confidence**      A measure of how consumers feel about the economy, considered an indicator of consumers' future spending and saving decisions.
5. **Stagflation**      The condition of relatively high inflation and relatively high unemployment occurring simultaneously.
6. **Economic Surveys**      Queries of consumers and businesses for the purpose of identifying the current macrolevel economic state and future trends.
7. **Gross Domestic Product**      The total market value, expressed in dollars, of all final goods and services produced in an economy in a given year.
8. **Inflation**      A general, sustained upward movement of prices for goods and services in an economy.
9. **Economic Expansion**      Growth in GDP over a time period, generally at least one quarter of a year.

**Directions:** Give an example of each of the concepts explained below. All of the items below have more than one possible answer.

1. **Trade Agreement:** A formal framework among nations to collectively pursue increased trade.  
Example: **NAFTA**
2. **Raw Materials:** Undeveloped matter used in the eventual production of finished goods.  
Example: **Oil**
3. **Financial Contagion:** An economic crisis that spreads from one region to another. This can occur on an international or domestic level. Example: **The sub-prime mortgage meltdown of 2008–2010**
4. **Central Bank:** An institution that oversees and regulates the banking system and quantity of money in the economy. Example: **The Federal Reserve**
5. **Oil Cartel:** More than one oil-exporting nation working together to impact the price of oil through artificial production limits. Example: **OPEC**
6. **Trade Barrier – Government Imposed:** Any action that a government takes to make trade more difficult.  
Example: **Trade tariffs on the import of items from another country**



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**Directions:** Fill in the blank with the phrase that fits the example.

- **Artificial Intelligence:** Advanced computer systems that mimic human intelligence in visual acuity, processing ability, speech recognition, or other activity historically performed only by humankind.
  - **Consumer Product Substitute:** A substitute good that is similar enough to consumers' originally desired good that the consumer will purchase the substitute item rather than the original good.
  - **Cybersecurity:** The framework, including tools, of protecting against the criminal or otherwise unauthorized use of electronic data.
  - **"Irrational Exuberance":** A phrase made popular by then-Federal Reserve Chairman Alan Greenspan to express concern over internet stock valuations; this phrase is now extended to market activities that seem out-of-balance with market fundamentals or intended regulatory consequences.
  - **Political Turmoil:** Incongruity or uncertainty from governmental messages or actions that negatively impact economic growth.
  - **Wealth Effect:** The effect on consumer spending resulting from a change in the purchasing power of the consumers' assets that is caused by inflation.
1. The 1990s dot-com bubble: "Irrational Exuberance"
  2. Face detection and recognition technology: Artificial Intelligence
  3. When the assessed value of a person's home increases, or a stock they own goes up in price, and they decide to buy a more expensive home: Wealth Effect
  4. Encryption and network security: Cybersecurity
  5. Deciding to ride a bike when the price of a bus pass increases: Consumer Product Substitutes
  6. Brexit negotiation challenges: Political Turmoil