



MACRO-ECONOMICS

REQUIRED READING

Basic Economic Concepts (12%–15%)

Scarcity, Choice, and Opportunity Costs

- **Chapter 1: Introduction**
 - Section 1.1: *What is Economics?*
 - Section 1.2: *Scarcity, Opportunity Cost, and Trade-offs*

Production Possibilities Curve

- **Chapter 2: Choice in a World of Scarcity**
 - Section 2.1: *The Production Possibilities Frontier and Social Choices*

Absolute Advantage, Comparative Advantage, Specialization, and Trade

- **Chapter 2: Choice in a World of Scarcity**
 - Section 2.2: *Comparative Advantage and Specialization*

Demand, Supply, and Market Equilibrium

- **Chapter 3: Demand and Supply**
 - Section 3.1: *Demand*
 - Section 3.2: *Supply*
 - Section 3.3: *Equilibrium*

Determinants of Supply and Demand

- **Chapter 3: Demand and Supply**
 - Section 3.1: *Demand (factors influencing demand)*
 - Section 3.2: *Supply (factors influencing supply)*

Price Controls (Price Ceilings, Price Floors, and Tariffs)

- **Chapter 3: Demand and Supply**
 - Section 3.4: *Price Ceilings and Price Floors*
- **Chapter 17: International Trade**
 - Section 17.3: *Arguments in Support of Restricting Imports (Tariffs)*

Measurement of Economic Performance (12%–16%)

National Income Accounts & Circular Flow

- **Chapter 6: The Macroeconomic Perspective**
 - Section 6.1: *Measuring the Size of the Economy: Gross Domestic Product*
 - Section 6.2: *The Components of GDP*
 - Section 6.3: *What GDP Does Not Include*
- **Chapter 8: The Aggregate Demand/Aggregate Supply Model**
 - Section 8.1: *How Economists Use the AD/AS Model*

Gross Domestic Product (GDP)

- **Chapter 6: The Macroeconomic Perspective**
 - Section 6.1: *Measuring the Size of the Economy: Gross Domestic Product*
 - Section 6.2: *The Components of GDP*

Real versus Nominal Gross Domestic Product

- **Chapter 6: The Macroeconomic Perspective**
 - Section 6.4: *Tracking Real GDP over Time*

Inflation Measurement and Adjustment & Price Indices

- **Chapter 7: Price Levels and Inflation**
 - Section 7.1: *Price Levels and Inflation*
 - Section 7.2: *How Changes in the Cost of Living Are Measured (Price Indices)*
 - Section 7.3: *Adjusting Nominal Values to Real Values*

Demand-Pull versus Cost-Push Inflation

- **Chapter 7: Price Levels and Inflation**
 - Section 7.1: *Price Levels and Inflation*

Costs of Inflation

- **Chapter 7: Price Levels and Inflation**
 - Section 7.4: *The Costs of Inflation*

Unemployment: Definition and Measurement

- **Chapter 6: The Macroeconomic Perspective**

- Section 6.5: *The Problem of Unemployment*

Types of Unemployment

- **Chapter 6: The Macroeconomic Perspective**

- Section 6.5: *The Problem of Unemployment*
- Section 6.6: *What Causes Changes in Unemployment over the Long Run*

Natural Rate of Unemployment

- **Chapter 6: The Macroeconomic Perspective**

- Section 6.6: *What Causes Changes in Unemployment over the Long Run*

National Income and Price Determination (15%–20%)

Aggregate Demand & Determinants of Aggregate Demand

- **Chapter 8: The Aggregate Demand/Aggregate Supply Model**

- Section 8.2: *Aggregate Demand and Aggregate Supply: The Long Run and the Short Run*
- Section 8.3: *The Aggregate Demand Curve*
- Section 8.4: *Shifts in Aggregate Demand*

Multiplier and Crowding-Out Effects

- **Chapter 11: The Keynesian Perspective**

- Section 11.3: *The Expenditure Multiplier*
- Section 11.4: *The Keynesian Perspective on Market Forces (Crowding-Out Effect)*

Aggregate Supply & Determinants of Aggregate Supply

- **Chapter 8: The Aggregate Demand/Aggregate Supply Model**

- Section 8.2: *Aggregate Demand and Aggregate Supply: The Long Run and the Short Run*
- Section 8.5: *Shifts in Aggregate Supply*

Short-Run and Long-Run Analyses

- **Chapter 8: The Aggregate Demand/Aggregate Supply Model**

- Section 8.2: *Aggregate Demand and Aggregate Supply: The Long Run and the Short Run*
- Section 8.6: *Macroeconomic Perspectives on Demand and Supply*

Macroeconomic Equilibrium

- **Chapter 8: The Aggregate Demand/Aggregate Supply Model**

- Section 8.6: *Macroeconomic Perspectives on Demand and Supply*

Business Cycle and Economic Fluctuations

- **Chapter 6: The Macroeconomic Perspective**
 - Section 6.7: *The Business Cycle*

Financial Sector (15%–20%)

Money, Banking, and Financial Markets

- **Chapter 14: Money and Banking**
 - Section 14.1: *What is Money?*
 - Section 14.2: *The Role of Banks*
 - Section 14.3: *How Banks Create Money*

Measures of Money Supply

- **Chapter 14: Money and Banking**
 - Section 14.1: *What is Money?*
 - Section 14.4: *How Central Banks Manage Money*

Banks and Creation of Money

- **Chapter 14: Money and Banking**
 - Section 14.3: *How Banks Create Money*

Inflation, Unemployment, and Stabilization Policies (20%–25%)

Fiscal and Monetary Policies

- **Chapter 15: Monetary Policy and Bank Regulation**
 - Section 15.1: *Monetary Policy and the Central Bank*
 - Section 15.3: *Monetary Policy and Economic Outcomes*
- **Chapter 17: Government Budgets and Fiscal Policy**
 - Section 17.1: *Government Spending*
 - Section 17.2: *Taxation*
 - Section 17.3: *Fiscal Policy*

Economic Growth and Productivity (5%–10%)

Definition and Measurement of Economic Growth

- **Chapter 7: Economic Growth**
 - Section 7.1: *The Relatively Recent Arrival of Economic Growth*
 - Section 7.2: *Measuring Economic Growth*

Investment in Human and Physical Capital

- **Chapter 7: Economic Growth**
 - Section 7.3: *Components of Economic Growth*
 - Section 7.4: *The Role of Education*
 - Section 7.5: *The Role of Investment and Savings*

Open Economy: International Finance (5%-10%)

Balance of Payments Accounts & Foreign Exchange Market

- **Chapter 18: The International Trade and Capital Flows**
 - Section 18.1: *Measuring Trade Balances*
 - Section 18.2: *The Balance of Payments*
- **Chapter 19: Exchange Rates and International Capital Flows**
 - Section 19.1: *The Foreign Exchange Market*