



# MACROECONOMICS

## 3 WEEK STUDY PLAN

### Week 1: Basic Economic Concepts & Economic Performance

#### Day 1: Scarcity, Choice, and Opportunity Costs

- Read: Chapter 1 (1.1 & 1.2)
- Key Topics: Scarcity, Opportunity Cost, Trade-offs
- Practice Questions: Define opportunity cost and apply it to real-life examples.

#### Day 2: Production Possibilities Curve & Comparative Advantage

- Read: Chapter 2 (2.1 & 2.2)
- Key Topics: PPC, Absolute vs. Comparative Advantage, Specialization
- Practice: Interpret PPC graphs and shifts.

#### Day 3: Demand, Supply & Market Equilibrium

- Read: Chapter 3 (3.1 – 3.3)
- Key Topics: Law of Demand & Supply, Market Equilibrium
- Practice: Solve equilibrium price and quantity problems.

#### Day 4: Price Controls & Tariffs

- Read: Chapter 3 (3.4) & Chapter 17 (17.3)
- Key Topics: Price Ceilings, Price Floors, Tariffs
- Practice: Explain effects of price ceilings in housing markets.

#### Day 5: GDP & Measurement of Economic Performance

- Read: Chapter 6 (6.1 – 6.3)
- Key Topics: GDP Components, Circular Flow Model
- Practice: Identify what is/isn't included in GDP.

#### Day 6: Real vs. Nominal GDP & Inflation Measurement

- Read: Chapter 6 (6.4), Chapter 7 (7.1 – 7.3)
- Key Topics: CPI, GDP Deflator, Inflation Adjustments
- Practice: Calculate real GDP and inflation rate.

## **Day 7: Unemployment & The Business Cycle**

- **Read: Chapter 6 (6.5 – 6.7)**
- **Key Topics: Types of Unemployment, Natural Rate, Business Cycle**
- **Practice: Compare frictional, structural, and cyclical unemployment.**

## **Week 2: National Income, Financial Sector & Policies**

### **Day 8: Aggregate Demand & Aggregate Supply**

- **Read: Chapter 8 (8.2 – 8.6)**
- **Key Topics: AD/AS Model, Short-Run vs. Long-Run, Equilibrium**
- **Practice: Identify factors shifting AD/AS.**

### **Day 9: Multiplier Effect & Crowding Out**

- **Read: Chapter 11 (11.3 – 11.4)**
- **Key Topics: Keynesian vs. Classical View, Fiscal Policy Effects**
- **Practice: Calculate spending multipliers.**

### **Day 10: Money, Banking & Financial Markets**

- **Read: Chapter 14 (14.1 – 14.3)**
- **Key Topics: Role of Money, Banks, Fractional Reserve Banking**
- **Practice: Explain money creation by banks.**

### **Day 11: Money Supply & Central Bank Policies**

- **Read: Chapter 14 (14.4), Chapter 15 (15.1, 15.3)**
- **Key Topics: Monetary Policy, Tools of the Fed, Interest Rates**
- **Practice: Predict how open market operations affect money supply.**

### **Day 12: Fiscal Policy & Government Budgets**

- **Read: Chapter 17 (17.1 – 17.3)**
- **Key Topics: Taxation, Government Spending, Debt & Deficits**
- **Practice: Explain effects of expansionary vs. contractionary policies.**

### **Day 13: Inflation, Unemployment & Phillips Curve**

- **Read: Chapter 7 (7.4), Chapter 15 (15.3)**
- **Key Topics: Inflation-Unemployment Tradeoff, Phillips Curve**
- **Practice: Graph the short-run and long-run Phillips curve.**

### **Day 14: Economic Growth & Productivity**

- **Read: Chapter 7 (7.1 – 7.5)**
- **Key Topics: Growth Measurement, Human & Physical Capital, R&D**

- **Practice: Identify policies promoting economic growth.**

## **Week 3: Open Economy, Review & Practice Exams**

### **Day 15: International Trade & Balance of Payments**

- **Read: Chapter 18 (18.1 – 18.2)**
- **Key Topics: Trade Balances, Financial Accounts, Trade Surplus vs. Deficit**
- **Practice: Differentiate between current and financial accounts.**

### **Day 16: Foreign Exchange Markets & Exchange Rates**

- **Read: Chapter 19 (19.1)**
- **Key Topics: Currency Appreciation vs. Depreciation, Exchange Rate Policies**
- **Practice: Explain how exchange rate changes affect net exports.**

### **Day 17: Review – Basic Economic Concepts & Market Forces**

- **Revisit: Chapters 1-3, 6**
- **Practice: Answer multiple-choice questions on opportunity cost, PPC, supply & demand.**

### **Day 18: Review – Economic Performance & Financial Markets**

- **Revisit: Chapters 7-8, 14-15**
- **Practice: Graph AD/AS shifts, inflation effects, and money supply.**

### **Day 19: Review – Fiscal & Monetary Policy**

- **Revisit: Chapters 15-17**
- **Practice: Compare Keynesian vs. Monetarist approaches.**

### **Day 20: Review – International Trade & Exchange Rates**

- **Revisit: Chapters 18-19**
- **Practice: Solve foreign exchange rate problems.**

### **Day 21: Full-Length CLEP Practice Test**

- **Take a mock CLEP exam (timed)**
- **Review incorrect answers & focus on weak areas.**