

Macro – Final Study Guide

Economics

Division of labor

Market vs. Command economy

Comparative vs. Absolute advantage

Circular flow of the economy

Macroeconomics vs microeconomics

Opportunity cost

Scarcity

Utility, Marginal utility & law of diminishing marginal utility

Budget constraint

Positive vs. Normative statements

Laws of supply and demand, relationships between price and quantity (slope)

Ceteris paribus

Demand vs. Quantity demanded (shift vs. movement along)

Equilibrium

8 –10 Supply/Demand scenarios

Shortage vs. Surplus

GDP (nominal vs. Real vs. potential) and formula

Final goods vs. intermediate goods and double counting

Exchange rates

Stages of the business cycle

Imports, exports and balance of trade

Keynesian economists vs. Neoclassical economists (time period and emphasis)

Classic AS/AD model (how it illustrates all three leading economic indicators)

Unemployment rate (components)

Types of unemployment

Inflation, CPI, deflation & hyperinflation

Double coincidence of wants, Money & Bonds

FED (central bank). Types of Monetary Policy and Tools

Fiscal policy (and types), balanced budget, Deficit spending & Federal debt

Progressive, proportional and regressive tax policies

Discretionary fiscal policy vs. Automatic stabilizers