

Macro Unit 1: Basic Concepts

McConnell and Brue (15th) Chapters 1, 2, 3

Items to Cover:

- Macroeconomics versus microeconomics
- Scarcity, opportunity costs, increasing opportunity costs
- Utility, marginal utility
- Capital goods, consumer goods
- Ceteris Paribus*
- Basic Symbols/Abbreviations of graphing (handout)
- Independent variable (cause), dependent variable (effect)
- Production possibilities curves, frontiers, related concepts
- Demand curves, Supply curves, Equilibrium
- Changes in D, S versus changes in QD, QS
- Surpluses, shortages, ceilings, floors
- Basics of circular flow models

Text items not found on prior macro exams:

- Positive, normative economics
- Post hoc fallacy*
- Slopes in graphs
- Market “systems”
- Elasticity, inelasticity of demand/supply curves**
- Marginal benefits, marginal costs (micro concepts for sure)

Graphs added to the “Big Chart”:

- PPC with PPF and notes about efficiency and “full employment”