



Present

The Prime-Time World of Macroeconomics

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I. What is Macroeconomics?

- A. Macromania
 - 1. Macroeconomics
 - 2. Theory, Assumption, Model
- B. Creating and Constructing Graphs
 - 1. Shapes of Graphs
 - 2. Slope
 - a. straight lines
 - b. curves
- C. The Economy
 - 1. Consume and Produce
 - 2. Scarcity of Resources
 - 3. Measuring the Economy
 - a. GDP
 - b. inflation
 - c. unemployment
 - i. frictional
 - ii. structural
 - iii. cyclical
 - d. interest and exchange rates
 - e. income and spending
 - i. disposable income
 - ii. circular flow model
- D. Aggregate Demand & Supply
 - 1. Aggregate Demand
 - 2. Aggregate Supply
 - 3. Aggregate Equilibrium

II) Aggregate Demand Side

- A. Components of Aggregate Demand
 - 1. Consumption
 - a. consumption function
 - b. marginal propensity to consume
 - 2. Investment
 - a. business confidence
 - b. level of demand

- c. technology
- d. interest rates
- e. taxes
- 3. Government Spending
- 4. Net Exports
 - a. effects of GDP
 - b. effect of price levels
- B. Equilibrium GDP
 - 1. Income Expenditure Table and Diagram
 - 2. $Y = C + I + G + (X - IM)$
 - 3. Effect of Price Levels
 - 4. Potential GDP
 - a. recessionary gap
 - b. inflationary gap

C. Multiplier

III. Aggregate Supply Side

- A. Aggregate Supply Curve
- B. Factors of Aggregate Supply
 - 1. Labor wages
 - 2. Technology
 - 3. Capital
- C. Long & Short Run Aggregate Supply

IV. Fiscal Policy

- A. Government Taxes and Expenditures
- B. Keynesian/Expansionary Economics
- C. Classical/Supply-side Economics
- D. National Debt and Budget Deficit

V. Monetary Policy

- A. Money
 - 1. Commodity money
 - 2. Fiat money
 - 3. Quantity of money
 - a. M1
 - b. M2
- B. Fractional Reserve Banking
 - 1. Money supply & creation
 - 2. Required & excess reserves
 - 3. FDIC
 - 4. Balance Sheet
 - 5. $A = L + NW$
- C. Money Multiplier

CIRCULAR FLOW MODEL

