

Textbook Connections by Topic**Course Topic****Text Connection**

(Krugman)

I. Basic Economic Concepts (8-12 %)

- A. Scarcity, choice, and opportunity cost
- B. Production Possibilities Curve
- C. Comparative Advantage, Absolute Advantage, Specialization, Exchange
- D. Demand, Supply, and Market Equilibrium
- E. Macroeconomic issues: business cycle, unemployment, inflation, growth

Review
 Trimester I
 Micro Econ
 Modules 1-7

II. Measurement of Economic Performance (12-16%)

- A. National income accounts
 - 1. Circular Flow
 - 2. Gross domestic product (GDP)
 - 3. Components of GDP
 - 4. Real versus nominal GDP
- B. Inflation measurement and adjustment
 - 1. Price indices
 - 2. Nominal and Real values
 - 3. Costs of inflation
- C. Unemployment
 - 1. Definition and Measurement
 - 2. Types of unemployment
 - 3. Natural rate of unemployment

Circular Flow & GDP:
 Module 10

Real GDP
 Module 11

Inflation
 Modules 14 & 15

Unemployment
 Modules 12 & 13

III. National Income and Price Determination (10-15%)

- A. Aggregate Demand (AD)
 - 1. Determinants of AD
 - 2. Multiplier and crowding-out effects
- B. Aggregate Supply (AS)
 - 1. Short-run and long-run analysis
 - 2. Sticky versus flexible wages and prices
 - 3. Determinants of AS
- C. Macroeconomic equilibrium
 - 1. Real output and price level
 - 2. Short-run and Long-run
 - 3. Actual versus full-employment output
 - 4. Economic fluctuations

AD:
 Modules 16 & 17

AS:
 Module 18

AS/AD Model:
 Modules 19, 20, 21

IV. Financial Sector (15-20%)

- A. Money, Banking, and Financial Markets
 - 1. Definition of financial assets: money, stocks, bonds
 - 2. Time value of money (present and future value)
 - 3. Measurements of money supply
 - 4. Banks and creation of money
 - 5. Money demand
 - 6. Money market
 - 7. Loanable funds market
- B. Central Bank and Control of the Money Supply
 - 1. Tools of central bank policy
 - 2. Quantity theory of money
 - 3. Real versus nominal interest rates

Money & Financial
 Markets
 Modules 22, 23, 24

Money Markets
 Modules 28 & 29

The Fed
 26 & 27

V. Inflation, Unemployment, and Stabilization Policies (20-30%)

- A. Fiscal and Monetary Policies
 - 1. Demand-side effects
 - 2. Supply-side effects
 - 3. Policy mix

Fiscal & Monetary Policy
 Modules 30, 31, 32

Inflation &
 Unemployment
 Modules 33, 34, 35, 36

- 4. Government deficits and debt
 - B. Inflation and unemployment
 - 1. Types of inflation
 - a. Demand-pull inflation
 - b. Cost-push inflation
 - 2. The Phillips Curve: short-run versus long-run
 - 3. Role of expectations
- VI. Economic Growth and Productivity (5-10%)
- A. Investment in human capital
 - B. Investment in physical capital
 - C. Research and development, and technological progress
 - D. Growth policy
- VII. Open Economy: International Trade and Finance (10-15%)
- A. Balance of payments accounts
 - 1. Balance of trade
 - 2. Current account
 - 3. Capital account
 - B. Foreign exchange market
 - 1. Demand for and supply of foreign exchange
 - 2. Exchange rate determination
 - 3. Currency appreciation and depreciation
 - C. Net exports and capital flows
 - D. Links to financial and goods markets

Growth & Productivity
Modules 37, 38, 39, 40

Balance of Payments
Accounts
Module 41

Foreign Exchange
Module 42, 43, 44

Putting it all together
Module 45