AP Macroeconomics Correlation

Topics	Pages
I. Basic Economic Concepts (8-12%)	
A. Scarcity, choice, and opportunity costs	5-7, 9-12, 14-15, 17-19, 85, 96, 157, 160, 166-171, 180, 181, 183
B. Production possibilities curve	12-13, 16-19, 576-577, 805
C. Comparative advantage, absolute advantage, specialization, and exchange	19, 35–36, 212, 583, 841–846
D. Demand, supply, and market equilibrium	53-70, 67-79, 85-91, 134-151, 244-247, 286, 338, 398, 416- 419, 451, 455, 457-459, 496, 497, 503, 525, 526, 848, 851- 861, 877, 878
E. Macroeconomic issues: business cycle, unemployment, inflation, growth	532-542,569-570,592-596, 600-601,715
II. Measurement of Economic Performance (12-16%)	
A. National income accounts	
1. Circular flow	43, 44, 557–558
2. Gross domestic product	547-548, 561, 563
3. Components of gross domestic product	548-555
4. Real versus nominal gross domestic product	532, 557, 559–561
B. Inflation measurement and adjustment	
1. Price indices	600-601,603,605
2. Nominal and real values	557, 559–561, 603–606
3. Costs of inflation	532-533,603-605,
C. Unemployment	
1. Definition and measurement	532, 594–595
2. Types of unemployment	595-596
3. Natural rate of unemployment	597
III. National Income and Price Determination (10-15%)	
A. Aggregate demand	
1. Determinants of aggregate demand	661–664
2. Multiplier and crowding-out effects	628-631,642,647,673,696- 697,700-701
B. Aggregate supply	
1. Short-run and long-run analyses	664–667, 800–801, 804–806
2. Sticky versus flexible wages and prices	536-542,833
3. Determinants of aggregate supply	667–670
C. Macroeconomic equilibrium	
1. Real output and price level	670–671, 762–763
2. Short and long run	664-667,670-675,801-802
3. Actual versus full-employment output	597-598,664-667,672-674
4. Economic fluctuations	623-627
IV. Financial Sector (15-20%)	
A. Money, banking, and financial markets	

1. Definition of financial assets: money, stocks, bonds	364,710-715,781-783
2. Time value of money (present and future value)	368–369, 778–781,
3. Measures of money supply	710-716, 719, 749, 752
4. Banks and creation of money	731-743,751-755
5. Money demand	748-750
6. Money market	748-750
7. Loanable funds market	366–371, Appendix B
B. Central bank and control of the money supply	
1. Tools of central bank policy	752–757
2. Quantity theory of money	821-822
3. Real versus nominal interest rates	370, 606, 622–623, Appendix A
V. Inflation, Unemployment, and Stabilization Policies (20-30%)	
A. Fiscal and monetary policies	
1. Demand-side effects	8 13-8 15
2. Supply-side effects	813-815
3. Policy mix	830-831
4. Government deficits and debt	697–703
B. Inflation and unemployment	
1. Types of inflation	600-603
a. Demand-pull inflation	602,607,802-803
b. Cost-push inflation	602,607,803-804
2. The Phillips curve: short run versus long run	807-812
3. Role of expectations	813, 824-827, 833
VI. Economic Growth and Productivity (5-10%)	
A. Investment in human capital	574-575, 579-580
B. Investment in physical capital	332, 369–370, 551–552, 578– 579
C. Research and development, and technological progress	248–249, 266–267, 298, 370, 535,578–579, 583, 663
D. Growth policy	569-570, 574-578
VII. Open Economy: International Trade and Finance (10-15%)	
A. Balance of payments accounts	
1. Balance of trade	869
2. Current account	868,869
3. Capital account	869-870
B. Foreign exchange market	
1. Demand for and supply of foreign exchange	873-876
2. Exchange rate determination	871-879
3. Currency appreciation and depreciation	871-876
C. Net exports and capital flows	552-553, 557, 643-646, 661,
	663-664, 839, 880-883
D. Links to financial and goods markets	645,839-840