



Principles of Macroeconomics

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Marginal Revolution University	Tyler Cowen and Alex Tabarrok		MRUniversity Videos

Alta Macroeconomics was developed to meet the scope and sequence of most introductory macroeconomics courses. To develop the course, Knewton used three main sources of content: OpenStax, Marginal revolution, and a team of Subject Matter Experts (SMEs). The SMEs come from diverse backgrounds and are all accomplished academics in the field of Economics.

Alta Macroeconomics has one to two instructional sequences for every learning objective, giving students multiple opportunities to learn new concepts. Among our OpenStax text, Marginal Revolution Videos, and Knewton SMEs, we were able to solicit ideas from economics instructors and students at all levels of higher education. Alta Macroeconomics covers the typical breadth of economics topics and also provides the necessary depth to ensure the course is manageable and engaging for instructors and students alike.

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Chapter 1: Welcome to Economics!

1.1 What is Economics and Why is it Important?

- Evaluate the significance of scarcity
- Explain the relationship between production and division of labor
- Contrast microeconomics and macroeconomics

1.2 Economic Theories, Models, and Systems

- Explain the importance of economic theories and models
- Interpret a circular flow diagram
- Contrast traditional economies, command economies, and market economies
- Assess the importance and effects of globalization

Chapter 2: Choice in a World of Scarcity

2.1 How Individuals Make Choices Based on Their Budget Constraint

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- Explain opportunity cost
- Calculate opportunity cost
- Understand how to use marginal analysis
- Define sunk costs
- Explain the law of diminishing marginal utility

2.2 The Production Possibilities Frontier and Social Choices

- Define production possibilities frontier
- Calculate opportunity cost based on a production possibilities frontier
- Understand the law of diminishing returns and how it relates to the shape of the PPF
- Define productive efficiency and allocative efficiency
- Define comparative advantage

2.3 Confronting Objections to the Economic Approach

- Recall arguments against economic approaches to decision-making
- Classify normative statements and positive statements

Chapter 3: Introduction to Demand and Supply

3.1 Demand, Supply, and Equilibrium in Markets for Goods and Services

- Explain demand, quantity demanded, and the law of demand
- Interpret demand schedules and demand curves
- Explain supply, quantity supplied, and the law of supply
- Interpret supply schedules and supply curves
- Define equilibrium
- Identify equilibrium using demand/supply curves
- Identify equilibrium using demand/supply schedules
- Explain how a market moves from shortage or surplus to an equilibrium

3.2 Shifts in Demand and Supply for Goods and Services

- Define the ceteris paribus assumption
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- Identify factors that shift supply curves
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- Graph shifts in supply

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- Explain price ceilings
- Explain price floors
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- Analyze the effects of price ceilings on market equilibrium

3.5 Demand, Supply, and Efficiency

- Define Consumer Surplus
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- Explain why taxes on buyers and sellers can be inefficient

Chapter 4: Labor and Financial Markets

4.1 Demand and Supply at Work in Labor Markets

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4.2 Demand and Supply in Financial Markets

- Explain how interest rates can affect supply and demand in financial markets
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Chapter 5: Elasticity

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- Calculate cross-price elasticity of demand
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- Calculate GDP by what is produced
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- Define Gross National Product and Net National Product

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- Define the business cycle

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- Understand growth in labor productivity and the impact of the new economy
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- Discuss the components of economic growth, including physical capital, human capital, and technology
- Understand how capital deepening impacts labor productivity
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- Explain convergence and understand why low income countries grow faster than high income countries
- Understand why economic convergence may be slow or may not occur at all

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- Understand frictional and structural unemployment as components of the natural rate of unemployment
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 - Understand how government policy affects the natural rate of unemployment
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- Understand factors influencing the natural rate of unemployment in the US and in Europe

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- Explain inflation
- Calculate the value of a basket of goods
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- Calculate inflation using index numbers

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- Explain indexing and some key examples of indexing

Chapter 10: The International Trade and Capital Flows

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- Understand balance of payments and the relationship with balance of trade

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- Explain the shape of the aggregate demand curve and identify it on a graph
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- Identify equilibrium price level of Real GDP in the AD-AS model
- Define short run aggregate supply and long run aggregate supply

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- Understand how productivity growth affects the AS curve and illustrate this graphically
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- Illustrate the effect of a change in input prices on the aggregate supply curve and equilibrium

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- Understand the two factors that affect investment spending
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- Explain how a lack of demand and slow responding prices cause a recession
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Chapter 13: The Neoclassical Perspective

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-

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Appendices

A.1 Indifference Curves

- Draw an indifference curve
- Interpret an indifference curve and explain its slope
- Explain why higher indifference curves are preferred to lower ones and how indifference curves differ across individuals
- Understand how an individual uses indifference curves and a budget line to maximize utility
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