



Macroeconomics

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|---------------------------|---|------------------------------|---|
| OpenStax | Senior Contributing Authors: Steve Greenlaw - University of Mary Washington Timothy Taylor - Macalester College | Principles of Macroeconomics | OpenStax |
| UC Irvine Open Courseware | Peter Navarro - The Paul Merage School of Business, University of California | The Power of Microeconomics | UC Irvine Open Courseware |

Knewton 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, UC Irvine Open Courseware, and a team of Subject Matter Experts (SMEs). The SMEs come from diverse backgrounds and are all accomplished academics in the field of Economics.

Knewton Macroeconomics has three instructional sequences for every learning objective, giving students multiple opportunities to learn new concepts. Among our OpenStax, UC Irvine, and Knewton SMEs, we were able to solicit ideas from economics instructors and students at all levels of higher education. Knewton 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.



Macroeconomics | Table of Contents

Chapter 1: Introduction to Economics

- **Understanding the Importance of Economics**
 - Evaluate the significance of scarcity
 - Explain the relationship between production and division of labor
 - Contrast microeconomics and macroeconomics
- **Using Theories and Models**
 - Explain the importance of economic theories and models
 - Interpret a circular flow diagram
- **How Economies Can Be Organized**
 - Contrast traditional economies, command economies, and market economies
 - Understand the basic relationship between government, regulations, and markets
 - Assess the importance and effects of globalization

Chapter 2: Choice in a World of Scarcity

- **How Individuals Make Choices Based on Their Budget Constraint**
 - Calculate and graph budget constraints
 - Explain opportunity costs
 - Define Sunk Costs
 - Evaluate the law of diminishing marginal utility
- **The Production Possibilities Frontier and Social Choices**
 - Interpret production possibilities frontier graphs
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 - Explain comparative advantage

Chapter 3: Demand and Supply

- **Demand in Markets for Goods and Services**
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 - Interpret a demand curve
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 - Explain supply, quantity supplied, and the law of supply
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 - Define the Ceteris Paribus Assumption
 - Identify the effects of income on the demand curve
 - Identify factors that affect the demand curve
 - Graph shifts in demand
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- **Shifts in Supply for Goods and Services**
 - Identify the effects of production costs on the supply curve
 - Identify factors that affect the supply curve
 - Graph shifts in supply
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 - Changes in equilibrium price and quantity
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Chapter 4: Introduction to Labor and Financial Markets

- **Demand and Supply at Work in Labor Markets**
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- **Demand and Supply in Financial Markets**
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 - Explain zero elasticity
 - Analyze constant unitary elasticity
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- **Elasticity and Pricing**
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 - Explain the effects of tax incidence on elasticity
 - Analyze changes in elasticity over time
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 - Analyze elasticity in labor and financial capital markets
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- **Measuring the Size of the Economy**
 - Define Gross Domestic Product
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 - Measure GDP using the expenditures approach
 - Measure GDP using the output approach
 - Understand the problem of double counting
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Chapter 7: Economic Growth

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 - Analyze the sources of economic growth using the aggregate production function
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 - Discuss the components of economic growth
 - Explain capital deepening
 - Identify factors that contribute to a healthy climate for economic growth

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- **Unemployment**
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 - Explain types of unemployment
 - Evaluate the collection and interpretation of unemployment data
 - Understand government policies to reduce unemployment
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 - Explain the economic challenges of inflation

Chapter 10: The International Trade and Capital Flows

- **The International Trade and Capital Flows**
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 - Analyze the factors that determine government spending and net exports
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- **The Building Blocks of Keynesian Analysis**
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 - Understand the factors that contribute to price stickiness
 - Analyze the impact of the expenditure multiplier
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 - Understand the Phillips curve
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 - Explain the differences between neoclassical economics and Keynesian economics
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- **Defining Money by Its Functions**
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 - Contrast M1 money supply and M2 money supply
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 - Explain how banks act as intermediaries between savers and borrowers
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Chapter 15: Monetary Policy and Bank Regulation

- **Bank Regulation and Monetary Policy**
 - Explain the structure and organization of the U.S. Federal Reserve
 - Explain the functions of a central bank
 - Discuss the purpose of bank regulation
 - Explain the reason for open market operations
 - Evaluate reserve requirements and discount rates
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- **Monetary Policy and Economic Outcomes**
 - Explain how monetary policy impacts interest rates and aggregate demand
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 - Explain the significance of quantitative easing (QE)
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- **How the Foreign Exchange Market Works**
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- **Demand and Supply Shifts in Foreign Exchange Markets**
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 - Understand different types of lags and fiscal policies
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 - Explain crowding out and its effect on physical capital investment
 - Explain the relationship between budget deficits and interest rates
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 - Explain the relationship between budget deficits and exchange rates

Chapter 19: Macroeconomic Policy Around the World

- **The Diversity of Countries and Economies across the World**
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 - Identify at least two advantages of intra-industry trading
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 - Identify at least two benefits of reducing barriers to international trade

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- **Protectionism: An Indirect Subsidy from Consumers to Producers**
 - Explain protectionism and its three main forms
 - Analyze protectionism through concepts of demand and supply, noting its effects on equilibrium
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 - Explain and analyze various arguments that are in support of restricting imports
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 - Evaluate the significance of countries' perceptions on the benefits of growing trade
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- **How Trade Policy is Enacted: Globally, Regionally, and Nationally**
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 - Discuss the significance and provide examples of regional trade agreements
 - **The Tradeoffs of Trade Policy**
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 - Assess the complexity of international trade
 - Explain disruptive market change
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