Econ 1112: Principles of Macroeconomics

Review for first midterm, Spring 2010

Topics:

- **Chapter 1**
  - Market vs. command economies
  - Division of labor
  - Macro vs. microeconomics

- **Chapter 2:**
  - Budget constraints
    - Effect of changing prices and/or changing income
  - Resource constraints
    - Effect of changing productivity and/or changing resource endowment
  - Opportunity costs
  - Curved vs. straight PPFs
  - Normative vs. Positive Economics

- **Chapter 4**
  - Why SS slopes up
  - Why DD slopes down
  - Ceteris paribus
  - Factors shifting SS
  - Factors shifting DD
    - Shifts in DD (or SS) vs. movements along DD (or supply)
  - Equilibrium
  - Market interventions
    - Price ceilings
    - Price floors
    - Excise taxes
      - Incidence of taxation
    - Tariffs * & Quotas
      - Incidence

The test itself:

Multiple choice questions \( \approx 70\% \)
Problems \( \approx 30\% \)