Chapters 10, 11 and 12: Money, Money Creation & the Banking System, Federal Reserve System & Monetary Policy

- Fed and its tools or instruments.
- Make sure that you remember the working of the diagram that we used in class to show the effect of money supply change on output
- Money Creation, Potential Money Multiplier and the Actual Money Multiplier.
- Relationship between Required Reserve, Excess Reserve, etc.
- Demand for money: Transaction, Precautionary and Speculative demand for money and the Classical vs. Keynesian debate.
- M1, M2 and M3: and their components
- Quantity Theory of Money

Chapter 1: Introduction

- Scarcity, unlimited wants and the definition of Economics
- Positive and Normative Economics
- Micro and Macro
- Circular Flow Model
- Consumer sovereignty and Ceteris Paribus

Chapter 4: Aggregate Demand and Aggregate Supply Model

- The phases of the business cycle
- Aggregate Demand and Supply
- Nominal and Real GDP and the Price Indices
- Demand Pull and Cost Push Inflation and Stagflation

Chapter 5: GDP Accounting

- Expenditure and Income Approach
- The relationship among GDP, GNP, NI, PI, PDI
Chapter 6: Consumption and Investment

- Absolute Income Hypothesis
- Kuznet’s Contribution
- MPC and MPS
- The Paradox of Thrift
- Determinants of Investment

Chapter 7: Equilibrium National Income

- Consumers’ and Producers’ Side
- Equilibrium conditions
- Finding out the Equilibrium Y

Chapter 8: Fiscal Policy: Coping with Inflation and Unemployment

- Different types of labor underutilization and unemployment
- Unemployment the BLS way
- Inflation: Winners and Losers
- Income and Tax multiplier and their joint applications in policy related questions.
- Recessionary and Inflationary Gaps