

AP Macroeconomics – Mega Macro Review Sheet

1. The business cycle.
2. Aggregate supply curve (with breakdown of sections: Keynesian, intermediate, classical).
3. Expansionary (“easy”) monetary policy (Buy bonds, ↓ discount rate, ↓ reserve requirement).
4. Contractionary (“tight”) monetary policy (Sell bonds, ↑ discount rate, ↑ reserve requirement).
5. Classical vs. Keynesian aggregate supply curves.
6. Short-run aggregate supply curve (SRAS).
7. Derivation of long-run aggregate supply (LRAS) from short-run aggregate supply (SRAS) curves.
8. Extended AS-AD model with a recession.
9. Extended AS-AD model with a short-run inflationary gap.
10. Extended AS-AD models with inflationary and recessionary gaps.
11. Monetary rule.

12. Economic growth & the extended AS-AD model.
13. Economic growth illustrated via a PPC diagram and LRAS.
14. Recessionary gap.
15. Inflationary gap.
16. Laffer Curve.
17. Derivation of LRPC (long-run Phillips' curve) from short-run Phillips' curves.
18. Short-run Phillips Curve.
19. Impact of tariffs & quotas.
20. Capital Inflow vs. Capital Outflow.
21. International Exchange Rates.

22. What is the difference between real and nominal?
23. What's not included in GDP?
24. What are the determinants (shift factors) of aggregate demand?

25. What are the determinants (shift factors) of aggregate supply?
26. What is cost-push inflation?
27. What is demand-pull inflation?
28. What is considered to be investment (I)?
29. What does full employment mean?
30. Who is excluded from the labor force?
31. What are the four types of unemployment?
32. How does one calculate the unemployment rate?
33. What is MPS?
34. What is MPC?
35. What does $MPS + MPC$ equal?
36. What is APS?
37. What is APC?
38. What does $APS + APC$ equal?
39. What is the formula for the spending multiplier?
40. Do changes in government spending and taxation have equal results?
41. What is fiscal policy?
42. What is expansionary fiscal policy?
43. What is contractionary fiscal policy?
44. What type of fiscal policy results in crowding-out?
45. What type of fiscal policy results in crowding-in?
46. What is crowding-out?
47. What is crowding-in?
48. What is an example of automatic stabilizers?

49. What is a budget deficit?
50. What is a budget surplus?
51. What is the difference between debt and deficit?
52. What is the Keynesian view on wage/price flexibility?
53. What is the Classical view on wage/price flexibility?
54. Who is the founder of Classical economics?
55. Who is the founder of Keynesian economics?
56. What is the shape of the Classical AS curve?
57. What is the shape of the Keynesian AS curve?
58. What is money?
59. What is the Federal Reserve System?
60. What are the tools of monetary policy?
61. What is the formula for the money multiplier?
62. What is the reserve ratio?
63. What is the discount rate?
64. What is the federal funds rate?
65. What is stagflation?
66. How do monetarists and Keynesians differ on the issue of crowding-out?
67. What is the monetary rule?
68. In macroeconomics, what is the difference between the short run and the long run?
69. What does a Phillips curve illustrate?
70. Why is the LRAS curve vertical?
71. How can we achieve economic growth?
72. How can we illustrate economic growth?

73. What is the equation of exchange?
74. What is the difference between tariffs and quotas?
75. What is the difference between a trade deficit and a trade surplus?
76. What is the difference between capital inflows and capital outflows?
77. What is the difference between a strong dollar and a weak dollar?
78. What is the purpose of trade?
79. What is the difference between absolute and comparative advantage?
80. What does the following equation stand for: $B.O.P. = B.O.T + C.F.$
81. What is currency?
82. What is M1?
83. What is the largest component of M1?
84. Who is helped and hurt by inflation?
85. What types of policies are used during periods of high unemployment?
86. What types of policies are used during periods of high inflation?
87. Circular Flow Revisited – Draw Diagram.