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Lecture 1 - Introduction

1. **What is macroeconomics?**
   The study of the economy as a whole including topics such as inflation, unemployment and economic growth

2. **How does macroeconomics differ from microeconomics?**
   Microeconomics is about single markets and individual decision making, macroeconomics is the study of the economy as a whole

3. **What is the formula for growth?**
   Ynew = Yold x (1 + g)^t
   - Ynew = new income level
   - Yold = old income level
   - g = average growth rate per period
   - t = number of periods

3. **What are the 12 big economic issues facing us today?**
   - Global warming
   - Economic growth
   - Economic inequality
   - Migrations, refugees
   - Emerging economies
   - Wars, terrorism
   - Population growth
   - Debt and financial crises
   - Business cycles
   - Unemployment and inflation

- Depleting natural resources
- Governance

4. **What are emerging economies?**
   Those in a transitional phase between developing and developed

5. **What does the business cycle look like and what are some of the terms used?**
   Line goes up and down
   - Peaks/booms (the tips)
   - Troughs/busts (the low points)
   - Expansions (going up)
   - Recessions (going down)

6. **What is the percentage change formula?**

$$Percentage\ change = \frac{new\ - old}{old}\ x\ 100$$

Lecture 2 - Economics Foundations

1. **What are the three key ingredients of economic theories?**
   a. Assumptions
   b. Logic (often represented by math)
   c. Conclusions

2. **What is econometrics?**
   The application of statistical techniques to economic data

3. **What are two key assumptions in economics?**
   - Individuals are rational
   - We live in a world of scarcity therefore must make choices

4. **What are five key distinctions in economics?**
   - Positive vs. normative analysis
     - Positive - how the world is - can be tested
     - Normative - how the world should be - judgment
   - Centrally planned economies vs. market economies
   - Efficiency vs. equity
     - Efficient allocation - not wasting anything
     - Equitable allocation - everyone gets their fair share
   - Correlation vs. causation
   - Micro vs. macroeconomics

5. **What is positive and normative analysis?**
   Positive = how the world is - can be tested

Normative - how the world should be - judgment

6. **What is efficiency versus equity?**
   Efficiency vs. equity
   - Efficient allocation - not wasting anything
   - Equitable allocation - everyone gets their fair share

7. **What are the two types of efficiency?**
   - Productive efficiency - when a good or service is produced using the least amount of resources
   - Allocative efficiency - when the choice of how much to produce, of each good or service, reflects consumer preferences

8. **What is the production possibility frontier (PPF)?**
   A curve showing the maximum attainable combinations of two products that may be produced with available resources

6. **What does the bowed out shape of the PPF illustrate?**
   The concept of increasing marginal opportunity costs - the more resources already devoted to an activity the smaller the payoff to devoting additional resources to it

7. **What are the five variables that shift market demand?**
   - Income
   - Prices of related goods
   - Tastes
   - Population and demographics
   - Expected future prices

8. **What are the five variables that shift supply?**
   - Prices of inputs
   - Technological change
   - Prices of substitutes in production
   - Number of firms in the market
   - Expected future prices