

- National -

Advanced Placement*

CORRELATION GUIDE

Economics



By Campbell McConnell and Stanley Brue

Eighteenth Edition, © 2009

ISBN 9780078916885

Based on College Board Curriculum Guide: AP Macroeconomics May 2008, May 2009

**AP and Advanced Placement Program are registered trademarks of the College Entrance Examination Board, which was not involved in the production of and does not endorse this product.*

Economics (McConnell), 18th Edition

**Advanced Placement Correlation Guide (Macroeconomics) for
Economics, Eighteenth Edition, by McConnell Brue**

Topic	Pages
I. Basic Economic Concepts (8-12%)	
A. Scarcity, choice, and opportunity costs	4, 9-10
B. Production possibilities curve	11-18
C. Comparative advantage, specialization, and exchange	33, 96-98, 101-102, 745-748
D. Demand, supply, and market equilibrium	46-62
E. Macroeconomic issues: business cycle, unemployment, inflation, growth	466-475, 498-502, 521-537
II. Measurement of Economic Performance (12-16%)	
A. National income accounts	480
1. Circular flow	39-42, 488-489
2. Gross domestic product	480-481
3. Components of gross domestic product	482-487
4. Real versus nominal gross domestic product	490-495
B. Inflation measurement and adjustment	
1. Price indices	529
2. Nominal and real values	532-533
3. Costs of inflation	532-537
C. Unemployment	
1. Definition and measurement	523-525, 527-258
2. Types of unemployment	524-525
3. Natural rate of unemployment	525
III. National Income and Price Determination (10-15%)	
A. Aggregate demand	
1. Determinants of aggregate demand	584-588
2. Multiplier and crowding-out effects	554-556, 618, 622
B. Aggregate supply	
1. Short-run and long-run analyses	588-591, 708-714
2. Sticky versus flexible wages and prices	473-475, 597
3. Determinants of aggregate supply	591-593
C. Macroeconomic equilibrium	
1. Real output and price level	594
2. Short and long run	595-600, 708
3. Actual versus full-employment output	574, 590-591, 598-600, 709-711
4. Economic fluctuations	594-600
IV. Financial Sector (15-20%)	
A. Money, banking, and financial markets	
1. Definition of financial assets: money, stocks, bonds	33-34, 630, 691-692
2. Time value of money (present and future value)	302-303, 688-689
3. Measures of money supply	630-634
4. Banks and creation of money	636-637, 646-657
5. Money demand	661-663
6. Money market	633-635, 674-675
7. Loanable funds market	300-302

B. Central bank and control of the money supply	
1. Tools of central bank policy	665-683
2. Quantity theory of money	727-730
3. Real versus nominal interest rates	303-305
V. Inflation, Unemployment, and Stabilization Policies (20-30%)	
A. Fiscal and monetary policies	608-624, 665-683
1. Demand-side effects	608-611, 671-681
2. Supply-side effects	680, 720-723
3. Policy mix	611-612, 734-737
4. Government deficits and debt	613-615, 769
B. Inflation and unemployment	
1. Types of inflation	
—a. Demand-pull inflation	530, 535, 594, 710
—b. Cost-push inflation	531, 535, 598, 711
2. The Phillips curve: short-run versus long-run	714-719
3. Role of expectations	533-534, 586-587, 714-715
VI. Economic Growth and Productivity (5-10%)	498-519
A. Investment in human capital	509-510
B. Investment in physical capital	509
C. Research and development, and technological progress	508-513, CH. 11 Web
D. Growth Policy	498-502, 515-517
VII. Open Economy: International Trade and Finance (10-15%)	
A. Balance of payments accounts	765-774
1. Balance of trade	765-766
2. Current account	766-767
3. Capital account	767-769
B. Foreign exchange market	
1. Demand for and supply of foreign exchange	99-100, 769-770
2. Exchange rate determination	771-773
3. Currency appreciation and depreciation	770-771
C. Net exports and capital flows	173, 484-485, 587, 778-779
D. Links to financial and goods markets	92-95, 175, 765-782