**Macroeconomics** – Study Guide

*\*As always – this guide is meant to give you a starting point for your studying. It is not exhaustive in topics that may be included in the test. Certainly study the vocabulary from the chapter readings!*

Major Topics Discussed in the Unit:

* What is Money?
* Organized Labor
* Wage Theory
* Inflation
* Market Structures

Textbook Readings:

Ch. 8 – Employment, Labor, Wages  
 Ch. 7 – Market Structures

Key Terminology From Lectures:

|  |  |  |  |
| --- | --- | --- | --- |
| Liquidity | Double-Coincidence-of-Wants | Commodity Money | Commodity-backed Money |
| Fiat Money | Galloping Inflation | Creeping Inflation | Hyper Inflation |
| Stagflation | Deflation | Traditional Theory of Wages | Signaling Theory |
| Theory of Negotiated Wages | Cartel | Collusion | Monopoly |
| CPI | Monopolistic Competition | Perfect Competition | Oligopoly |

Things to know/understand:

* Forms of currency and the general meaning of money. What advantages does the use of money create? How is our society dependent on a set and stable currency?
* 5 characteristics of Money
* What happens when a form of money collapses (loses some/all of the characteristics)? How does a society respond? Consider the alternatives discussed in class.
* How does organized labor affect our society and economy? What are the tools of unions? What are the tools of management? Under what conditions are unions strong and weak?
* What are the (3) predominant theories behind wages? Why are people paid what they are?
* What is the *most agreed on* cause of inflation? Know the types of inflation. Understand deflation and stagflation. Why is zero percent inflation not a good thing? 🡨 for instance, what is low inflation generally associated with?
* How does competition separate the four elements found in our study of market structures?
* Be able to differentiate between the four types of monopolies found in our economy.
* Ease of entry into a market structure is an important component in maintaining the structures basic properties. Be able to explain why some of the market structures are more prohibitive than others in allowing new sellers. (For instance, why would it be easier to join in a perfect competition market versus a monopoly)
* Why is price **not often** an issue in Oligopolies? What dangers (to the companies) could exist if one seller slashed prices?
* Understand Monopolistic Competition: How do sellers compete? What are strategies that they use to get customers? In what ways do we see them commonly appear in our society? How are consumers affected?
* Case studies from **Econ U$A** are always good to know
* Examples of Oligopolies in the American economy (Industries and a few leading names from those industries)
* Understand the importance of Logos and why a recognizable logo is so important for branding and product recognition.