Silberman College of Business Course: Econ 5012 Economic Analysis

Proficiency Test Study Guide **Book: Close**

Proficiency Test for Economics 5012 Recommended Text: Principles and Policy by Baumol and Blinder, Cengage Publishing, Latest edition

The exam contains 50 multiple choice questions. Each question is worth 2 points. A score of 70 is considered passing.

The major topics of this exam include:

1. The measurement and determination of gross domestic product
2. Inflation and unemployment
3. Monetary policy
4. Fiscal policy, budget deficits and federal debt
5. Supply and demand, opportunity cost
6. Law of increasing costs, effects of government intervention
7. Production costs in the short and long run, accounting vs economic cost
8. Relation between production and cost concepts in the long and short run

In general, this course covers both macro and micro concepts. The following chapters are from the recent edition of the text. However, newer (or older) editions may re-arrange the chapter sequencing, Therefore the following topics are considered helpful. The student is encouraged to listen to current economic news and also to read the current Federal Reserve policy statements and FOMC press releases as a way of gauging the depth of their own understanding in preparation for the exam. Current events, however are not explicitly contained in the waiver exam.

Chapter 3: Introduction to Economics: Scarcity and Choice

Chapter 4: Supply and Demand

Chapter 22: Introduction to Macroeconomics

Chapter 23: Inflation and Unemployment

Chapter 25 and Appendix

Chapter 26: National Income Determination

Chapter 28 Fiscal Policy

Chapter 31: Monetary Policy

Chapter 34: Tradeoff between inflation and unemployment

Chapter 7 and 8: Opportunity cost and accounting vs. economic cost

Short and long run production costs, the Relationship between production and cost for the firm

Chapter 33: Budget Deficits in the Long and Short Run

Chapter 36: The Global Economy and Exchange Rates

|  |  |
| --- | --- |
|  |  |