AP Macroeconomics

AP Macroeconomics is a challenging course that is meant to be the equivalent of a freshman college course and can earn students college credit. It is a semester survey course of macroeconomics designed to give students a thorough understanding of the principles of economics that apply to an economic system as a whole. This course places particular emphasis on the study of national income and price-level determination, and also familiarizes students with economic performance measures, the financial sector, stabilization policies, economic growth and international economics. Solid math and writing skills, along with a willingness to devote considerable time to homework and study, are necessary to succeed. Emphasis is placed on critical and evaluative thinking skills.

Student assessment occurs at a variety of levels throughout the course. Students are assessed via oral examination and other synchronous sessions. Actual course assessment types include student assessed work, auto-graded, partially auto-graded, and totally instructor graded assignments.

This course is designed to be highly teacher facilitated. Instructors give a great deal of specific and timely feedback. Students have opportunities for oral examinations, discussions, and whiteboard sessions. Teachers conduct synchronous elluminate sessions, which require critical thinking and analysis.

Course Objectives:
Students will

- master a broad body of knowledge related to facts, concepts, and theories pertaining to aggregate economics activity;
- understand and explain the critical evaluation of determinants of economic progress and economic decisions made by policymakers;
- explain the utilization of resources within and across countries;
- effectively use analytical skills of evaluation, cause and effect, and compare and contrast;
- work effectively to produce graphic products and solve problems;
- prepare for and successfully pass the Advanced Placement Exam.

Primary Text

Bade, R., & Parkin, M. (2007). *Foundations of Economics (*AP ed.). New York: Pearson Education, Inc.

Class Synchronous Sessions

Students will participate in instructor led discussions of important concepts in each module using a real-time virtual classroom. Students will have the opportunity to practice free response questions, graphing, and multiple choice questions in the AP format as well as interact with other students while discussing the major content areas.

Additional Resources

- My EconLab (Bade & Parkin On-line)
  - Practice tests
  - Practice exercises
  - Graphing problems
  - Glossary flashcards
  - Economics in the News
  - The New York Times eThemes
- Reffonomics, http://www.reffonomics.com/
- College Board, http://www.collegeboard.com/student/testing/ap/sub_maceco.html?macro
- Newspaper Articles from local and national newspapers
- National Statistics Websites

---Semester 1---

Module 1: Basic Economic Concepts

Suggested Pace: 2 weeks

Chapters Included in Module 1
Bade and Parkin, Chapters 1, 3, and 4

Content

- The functions of any economic system: what, how, for whom to produce
  - Describe and analyze the "economic way of thinking"
- Scarcity: the nature of economic systems
  - Identify the conditions that give rise to the economic problem of scarcity
  - Compare and contrast different types of economic systems
  - Developed vs. undeveloped countries
  - Apply the concept of scarcity to different economic situations
- Opportunity costs
  - Define it and explain how it affects the macroeconomy
  - Identify opportunity costs of various situations
- Production possibilities
  - Graph and interpret data
  - Apply the concept of opportunity costs to a production possibilities curve

    - Different shapes of production possibilities curves and their meaning
- Absolute and comparative advantage
    - Define and give examples of comparative and absolute advantage
- Demand, supply, price determination
- Describe the behavior of buyers and sellers in a competitive marketplace
    - List and explain the determinants of supply and demand
    - Construct supply and demand graphs
    - Distinguish between demand and quantity demanded and supply and quantity supplied and illustrate each graphically
    - Evaluate the laws of supply and demand
    - Define and distinguish between income and substitution effects
    - Define, analyze the advantages and disadvantages of, and graph price ceilings and floors
    - Define and graph surpluses and shortages
    - Define and graph market equilibrium on schedules and graphs

Major Assessments
Comprehensive Module Exam
Free Response Questions
Opportunity Costs/Absolute and Comparative Advantage/ Behaviors of Buyers and Sellers in a Competitive Market
Functions of Economic Sytems Assessment
Scarcity Assessment
Opportunity Cost Assessment
Production Possibilities Graphing Practice and Assessment
Demand, Supply and Price Determination Graphing Practice and Assessment
Behaviors of Buyers and Sellers in a Competitive Market Graphing Practice and Assessment

Module 2: Measurement of Economic Performance

Suggested Pace: 2 weeks

Chapters Included in Module 2
Bade and Parkin, Chapters 2, 20, 21, 22 and 28

Content

- Gross national product and gross domestic product
    - What is and is not included
    - Calculate using income and expenditures approach

    - Nominal versus real
    - The GDP gap
- Other measures of national income (NNP, NI, PI, DI)
- Circular flow
- Inflation and price indices
    - Define and identify types of inflation
    - Analyze types of price indices: CPI, PPI, GDP Deflator
    - Nominal versus real
    - Effects of inflation
- Unemployment
    - Define and identify types of unemployment
    - Define natural and identify natural rate of unemployment
    - Determine how unemployment is calculated
- The business cycle

Major Assessments
Comprehensive Module Exam
Free Response Questions
Circular Flow/Unemployment/ GDP
GNP and GDP Assessment
Other measures of national income (NNP, NI, PI, DI), Newspaper based Assessment
Inflation and price indices Assessment
Unemployment; Oral Examination
The Business Cycle Interactive Assessment

Module 3: Open Economy: International Trade and Finance

Suggested Pace: 2 weeks

Chapters Included in Module 3
Bade and Parkin, Chapters 34 and 35

Content
- Define and explain the balance of payments
- Foreign exchange markets
    - Explain how exchange rates are determined
    - Analyze appreciation or depreciation
    - Analyze and create foreign exchange graphs
- Links to financial goods and markets
- Net exports and capital flow
    - Interest rates and its impact on financial capital
    - What are the arguments for and against free trade
    - Trade barriers and their impact on trade

Major Assessments
Comprehensive Module Exam
Module Oral Examination
Free Response Questions
Foreign Exchange Markets/ Net Exports and Capital Flow
Balance of payments Assessment
Foreign Exchange Markets Graphing Practice and Assessment
Links to Financial Goods and Markets Assessment

Module 4: National Income, Price Determination, and Economic Growth

Suggested Pace: 4 weeks

Chapters Included in Module 4
Bade and Parkin, Chapters 24, 25, and 29

Content

- Aggregate supply
  - List and explain the determinants of aggregate supply
  - Sticky versus flexible wages and prices
  - Short run and long run aggregate supply
  - Keynesian vs. Classical view of aggregate supply
- Aggregate demand
  - List and explain the determinants of aggregate demand
  - Define and distinguish between the interest rate, net export, and wealth effects
  - Crowding out effects
- Multipliers
  - Government Multiplier
  - Investment Multiplier
  - Tax Multiplier
- Equilibrium
  - Short and long run analyses
  - Actual versus full-employment output
  - Create and analyze aggregate demand and aggregate supply graphs
- Economic Growth and Productivity
  - Growth policy
  - Investment in human capital
  - Investment in physical capital
  - Research and development, and technological progress
- Classical Economics and Say's Law
- Aggregate Expenditures and Keynesian Economic – discussion board

- Analyze and explain the consumption and investment functions
- Marginal and average propensities

Major Assessments
Comprehensive Module Exam
Free Response Questions
AD and AS/Economic Growth and Productivity
Module Oral Examination
Aggregate supply Graphing Practice and Assessment
Aggregate demand Graphing Practice and Assessment
Multipliers Graphing Practice and Assessment
Economic Growth and Productivity Graphing Practice and Assessment
Classical Economics and Say's Law Assessment
Aggregate Expenditures and Keynesian Economic

Module 5: Financial Sector

Suggested Pace: 1 week

Chapters Included in Module 5
Bade and Parkin, Chapters 24, 26, 27, and 28

Content

- Money and banking
  - Identify the functions and characteristics of money
  - Defining financial assets: money stocks and bonds
  - Time value of money: present and future value
  - Measures of money
  - Real vs. nominal interest rates
- The Loanable Funds Market
  - Money market and demand for money
- Describe and analyze the creation of money
  - Money multiplier

Major Assessments
Comprehensive Module Exam
Free Response Questions
Loanable Funds/Creation of Money
Module Oral Examination
Synchronous Discussion Session
Money, banking, and financial markets Graphing Practice and Assessment

Module 6: Inflation, Unemployment, and the Stabilization Policies

Suggested Pace: 5 weeks

Chapters Included in Module 6
Bade and Parkin, Chapters 31, 32, and 33

Content

- Tools of fiscal policy
    - Balanced-budget multiplier
    - Deficit versus debt and the impact on the economy
    - Discretionary fiscal policy
    - Automatic stabilizers
    - Shortcomings of fiscal policy
    - The effect of fiscal policy on interest rates
- The Federal Reserve System and monetary policy
    - Origins and organizational structure
    - Powers and tools of the Fed
    - Shortcomings of monetary policy
- Supply Side Policies
- Monetarists and the economy
- Rational Expectations Theory
- The Phillips Curve
    - Inflation versus unemployment in the short and long run

Major Assessments
Comprehensive Module Exam
Free response Questions
    Fiscal and Monetary Policy
Oral Examination
Tools of Fiscal Policy Graphing Practice and Assessment
Federal Reserve and Monetary Policy Graphing Practice and Assessment
Supply Side Policies Assessment
Monetarists and the economy Assessment
Rational Expectations Theory Assessment
The Phillips Curve Graphing Practice and Assessment
Synchronous Discussion Session

Module 7: Final Review

Suggested Pace: 1 week

Content

- Free Response Questions
- Essential graphs review
- On-line tutorial using 1995 and 2000 released exams **

**This course is accompanied by an online tutorial and review that uses released AP Exams. Students are given systematic and timed practice for all portions of the exam. Students receive specific feedback on progress and mastery levels as they complete the practice exams.

Major Assessment
Comprehensive Final Exam and Essay