

COURSE TITLE: **Advanced Placement Economics: Macroeconomics**

LENGTH OF COURSE: **Full Year**

GRADE LEVEL: **Twelve**

CREDITS: **Five**

TEXTS AND OTHER RESOURCES:

1. Miller, Roger LeRoy. *Economics Today*. (New York: Pearson). 2016
2. *The Wall Street Journal*
3. *The Economist*
4. Relevant Internet sites
5. Field trips to the New York Stock Exchange and the Federal Reserve Bank.

COURSE DESCRIPTION:

The Advanced Placement Economics course will provide students with an introduction to the principles, concepts, and applications of economic analysis. The primary focus of the course will be upon macroeconomics, with special emphasis on basic economic concepts such as scarcity, supply and demand, specialization and comparative advantage, and opportunity costs, as well as national income and price determination, economic performance measures, factors affecting economic growth, and international economics as exemplified by specific case studies. Students will be required to take the AP Macroeconomics exam in the spring of the academic year. Subsequent to the completion of the AP examination requirements, the course of study will introduce students to the basic concepts and measures of microeconomics.

I. COURSE GOAL

The Advanced Placement Program in Economics is designed to provide students with the requisite skills and concepts of economic analysis, consistent with the demands of an introductory level college course in macroeconomics and the AP Macroeconomics examination.

II. COURSE OBJECTIVES

- A. To analyze the concept of making choices as it relates to understanding economics and economic reasoning
- B. To provide students with practice in problem solving and economic reasoning
- C. To introduce students to the basic assumptions and concepts of economic analysis
- D. To develop the skills necessary to graph and measure economic data and concepts
- E. To provide students with the skills necessary to access and evaluate sources of economic information
- F. To provide students with the concepts and skills necessary to understand and analyze schools of economic thought
- G. To analyze the role of government in the economy and the effect upon economic performance
- H. To introduce students to the conceptual frameworks of both macroeconomics and microeconomics
- I. To prepare students for the AP Macroeconomics examination

III. Evaluation and Grading:

1. Tests
2. Quizzes
3. Homework
4. Class Participation
5. Final Exam
6. Attendance
7. Papers / Projects

IV. Home Study:

Written and / or study assignments will be regularly assigned

V. Course Techniques

1. Limited lecture, with emphasis on group discussions
2. Assigned readings
3. Simulations and problem solving exercises
4. Independent research
5. Videos, films, and computer – generated presentations
6. Field trips to the New York Stock Exchange and the Federal Reserve Bank

VI. Course of Study for AP Economics

- I. Basic Economic Premises
 - A. Scarcity: The Nature of Economic Systems
 - 1. Definition
 - 2. Analysis
 - B. Opportunity Costs and Production Possibilities
 - 1. Definition
 - 2. Graphic Analysis
 - 3. Case Study
 - C. Economic Goals of Society

- II. Economic Systems
 - A. Reasons for Economic Systems
 - 1. Specialization
 - 2. Comparative Advantage
 - 3. Interdependence
 - B. Problems Facing All Economic Systems
 - 1. What to Produce
 - 2. How to Produce
 - 3. For Whom to Produce
 - C. Types of Economic Systems
 - 1. Traditional Economic Systems
 - 2. Market Economic Systems
 - 3. Command Economic Systems
 - 4. Mixed Economic Systems
 - D. The United States as a Mixed Market Economy

- III. Demand and Supply
 - A. Determinants of Price in the Marketplace
 - 1. The Law of Demand
 - 2. The Law of Supply
 - 3. An Economy in Equilibrium
 - B. Determinants of Demand
 - 1. Definition
 - 2. Graphic Analysis
 - C. Determinants of Supply
 - 1. Definition
 - 2. Graphic Analysis
 - D. Changes in the Demand and Supply Curves
 - 1. Role of Price
 - 2. Graphic Analysis

- IV. National Income Accounting: Measurements of Economic Performance
 - A. Gross National Product
 - 1. Definition
 - 2. Graphic Analysis
 - B. Gross Domestic Product
 - 1. Definition
 - 2. Graphic Analysis

- V. Macroeconomic Instability
 - A. The Business Cycle
 - 1. History
 - 2. Phases
 - 3. Causation
 - B. Unemployment
 - 1. Types: Definition and Measurement
 - 2. Economic and Non – Economic Costs of Unemployment
 - C. Inflation
 - 1. Definition and Measurement
 - 2. Causes
 - 3. Effects

- VI. Macroeconomics: An Overview
 - A. Aggregate Demand
 - B. Aggregate Supply
 - 1. Keynesian Analysis
 - 2. Classical Analysis
 - C. Equilibrium: Real Output and Price Level
 - 1. Shifts in Aggregate Demand
 - 2. Shifts in Aggregate Supply

- VII. Classical and Keynesian Theories of Employment
 - A. Classical Theory of Employment
 - 1. Say’s Law
 - 2. Price – Wage Flexibility
 - 3. *Laissez Faire*
 - B. The Keynesian Perspective
 - C. Classical and Keynesian Theories of Aggregate Demand
 - D. Consumption and Savings
 - 1. Marginal Propensity to Consume
 - 2. Marginal Propensity to Save
 - E. Investment

- VIII. Equilibrium National Output in the Keynesian Model
 - A. Determinants of Aggregate Supply
 - B. Planned versus Actual Investment
 - C. Changes in Equilibrium Net National Product (NNP) and the Multiplier
 - D. Equilibrium versus Full Employment NNP
 - E. Determinants of the Aggregate Demand Curve

- IX. Fiscal Policy
 - A. Legislative Mandates
 - B. Discretionary Fiscal Policy
 - C. Nondiscretionary Fiscal Policy
 - D. Problems and Complications of Fiscal Policy

- X. Budget Deficits and the Public Debt
 - A. Budget Deficits
 - 1. Definition
 - 2. Measurement
 - 3. Budget Philosophies
 - B. Public Debt
 - 1. Definition
 - 2. Measurement
 - 3. Causes
 - 4. Economic Consequences

- XI. Inflation, Unemployment, and Aggregate Supply
 - A. Demand – Pull and Cost – Push Inflation
 - B. The Phillips Curve
 - C. Stagflation: A Shifting Curve
 - D. Accelerationist Hypothesis and Rational Expectations Theory
 - 1. Theory of Supply Side Economics
 - 2. Historical Record of “Reaganomics”

- XII. Money and Banking
 - A. The Functions of Money
 - B. The Money Supply: M1, M2, M3
 - C. Monetary Standards
 - D. Demand for Money

- XIII. Monetary Policy
 - A. Definition and Objectives
 - B. Tools of Monetary Policy
 - C. Comparison with Keynesian Theory
 - D. Evaluation of Monetary Policy

- XIV. The Federal Reserve System
 - A. History
 - B. Structure
 - C. Goals and Objectives

- XV. Economic Growth
 - A. Causes of Economic Growth
 - B. Historical Record of the United States
 - C. Growth in Underdeveloped Nations

- XVI. International Economics and the World Economy
 - A. International Trade
 - 1. Comparative Advantage
 - 2. Protectionism
 - 3. International Trade Agreements
 - B. Exchange Rates and the Balance of Payments
 - 1. International Finance
 - 2. International Balance of Payments
 - 3. International Exchange Rate Systems

XVII. Introduction to Microeconomic Concepts

A. Consumer Choice

1. Individual Demand Curve
2. Elasticity of Demand
3. Utility Theory

B. Supply Curve of the Firm

1. Short - Run Curves
2. Long – Run Curves
3. Market Equilibrium

C. Monopoly

1. Economic Costs
2. Natural Monopoly
3. Antitrust Policy

D. Market Failure

1. Public Goods
2. Role of Government

VII. Course Proficiencies:

Upon successful completion of the course, students will be able to:

1. understand and define economics as the concern with the management of limited productive resources
2. apply the concepts of supply and demand to an analysis of economic issues
3. express economic principles through the use of graphs, tables, and mathematical equations
4. analyze graphs, tables, and mathematical equations in order to determine conclusions based upon economic principles
5. apply the concept of scarcity of resources to production possibilities curves
6. summarize, compare, and contrast economic ideologies
7. list the five fundamental questions that must be answered in all economies
8. evaluate pure capitalism as a rough approximation of how the American economy functions
9. explain the circular flow of income and how it relates to the capitalist system
10. describe how the market allocates scarce economic resources
11. determine how prices are set in a market economy
12. explain the effects of competition in a free – market economy
13. graph supply and demand curves and the equilibrium point
14. explain the causes and consequences of shifts in the supply and demand curves
15. identify and explain the interactions of the three major aggregates of mixed capitalism – business, households, and government
16. graph and compare fluctuating levels of employment, production, and income
17. define and apply the concepts of gross national product and gross domestic product to an analysis of major world economies
18. define inflation and the means by which it is measured
19. explain the causes and economic consequences of inflation
20. graph, diagram and explain the business cycle
21. define the various possible levels of employment
22. define and graph the concepts of aggregate demand and aggregate supply
23. explain the determinants of various levels of aggregate demand and aggregate supply
24. compare Keynesian and classical theories of employment
25. define the concepts of marginal propensities (consumption, savings, and investment)
26. explain the components of fiscal and monetary policy
27. compare fiscal and monetary policy
28. explain and graph the concepts of demand – pull and cost – push inflation
29. summarize the theory of supply – side economics
30. define money and explain the monetary system
31. understand the value of money as a function of price
32. explain the functions of the Federal Reserve System
33. explain the linkage of world economies
34. explain the functions of international economic institutions
35. access and utilize economic data from sources such as *The Wall Street Journal*, *The Economist*, and the Internet
36. explain the concept of elasticity of demand and supply
37. define the concept of the firm
38. explain different models of competition
39. explain the role of consumer choice