

**Nutley High School**  
Nutley, New Jersey

**COURSE TITLE:** Macroeconomics

**LENGTH OF COURSE:** Full Year

**GRADE LEVEL:** Twelve

**CREDITS:** Five

**PREREQUISITES:** None

**TEXTS AND OTHER RESOURCES:**

1. O'Sullivan, Arthur and Shefrin, Steven M. *Economics: Principles and Tools*, 3<sup>rd</sup> ed.. (Upper Saddle River, NJ: Prentice Hall). 2014.
2. *The Wall Street Journal Interactive Edition* (<http://wsj.com>)
3. Relevant Internet sites
4. *Virtual Economics* CD – ROM. (New York: National Council on Economic Education). 1995
5. Field trips to the New York Stock Exchange and the Federal Reserve Bank.

## **COURSE DESCRIPTION:**

The Macroeconomics course is an introduction to the principles and concepts of economic analysis. This course places particular emphasis on the study of national income and price determination, and also develops students' familiarity with economic performance measures, economic growth, and the global economy. Specific case studies are utilized as appropriate. Students will also be able to access and utilize economic data in a variety of formats.

### **I. COURSE GOAL**

The Macroeconomics course is designed to provide students with the basic skills and concepts of economic analysis, in order to enhance effective economic decision - making and citizenship, as well as participation in the national economy.

### **II. COURSE OBJECTIVES**

- A. To provide students with the necessary skills and concepts required for effective citizenship in our political and economic system
- B. To analyze the concept of making choices as it relates to understanding economics, economic reasoning, and the concept of opportunity cost
- C. To provide students with practice in problem solving and economic reasoning
- D. To introduce students to the basic assumptions and concepts of economic analysis
- E. To develop the skills necessary to graph and measure economic data and concepts
- F. To provide students with the skills necessary to access and evaluate sources of economic information
- G. To provide students with the concepts and skills necessary to understand and analyze schools of economic thought
- H. To analyze the role of government in the economy and the effect upon economic performance

### **III. Evaluation and Grading:**

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

### **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 Macroeconomics**

- 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
  - E. Elasticity
    - 1. Elasticity of Demand
    - 2. Elasticity of Supply

- 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. Price – Wage Flexibility
    - 2. *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

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



