

AP Macroeconomics-- Course Syllabus

The course content is designed to help students develop critical-thinking skills through the understanding, application, and analysis of fundamental economic concepts. Students will be expected to apply quantitative and mathematical skills to economics. Also, they will be expected to apply economic logic to a wide variety of real-world and hypothetical situations.

This course prepares students for the AP® Macroeconomics Examination. The exam consists of 60 multiple-choice questions and 3 free-response questions. Therefore, quizzes and exams follow a similar format. There is no calculator allowed on any portion of the exam, so all numbers are “nice” numbers. Quizzes will be given following the end of each chapter and will be purely multiple choice with an occasional short free response. Unit exams will be multiple choice with one long and one short free response question. The solutions to the free response questions are scored with a grading rubric similar to the scoring of the AP® exam. After all students have taken the unit exam, solutions to the free response portion of exams are posted online for student review, along with the scoring rubric used.

The final grade in this course will be computed as follows:

Class Participation/ in class work	15%
Journal	20%
Exams	30%
Quizzes	20%
Homework	15%

Required Reading:

Macroeconomics: Principles, Problems, and Policies 2006 Author: Campbell R. McConnell, Stanley L Blue

National Council for Economic Education. NCEE virtual economics

Additional practice is available for student access at Econ Web OnLine Economics, www.econweb.com
Textbook online resources for students at www.mhhe.com/economics/mcconnell15

Contemporary Issues related to economics will be read, discussed, and debated throughout the year from articles in the Economist.

Students are also required to read the paper at least twice a month to locate articles related to the current topic being studied in class. This helps the students to see the theory in practice.

Two books will be read, one per semester, from the reading list provided. There are thousands of other books not on the provided list that if a student brings me a brief summary for my review, other books can be read. The requirements for this reading are below.

Reading Review Rubric

The goal of this assignment is to have you read and reflect on a book with an economic flair. In the case of a book in an area in which you have little training or experience, your reflections will be more reactionary or “log-style” with comments based on “I want to learn more about...” “I was surprised to discover...” “I disagree with.....” economics.

Additional Web Resources

www.reffonomics.com, www.ncee.net, www.econedlink.org

Federal Reserve Banks Web Sites www.bls.gov, www.learner.org

Course Planner

Note: Reading assignments are from the McConnell textbook, unless otherwise noted. The Activities by number refer to the Advanced Placement Exercises in the NCEE activities book for students.

Test Your Knowledge of Economics; This “test” is given at the beginning of the year and again at the end of the year for students to see their growth of economic understanding.

Unit 1; Ch. 1-6 With selected sections of chapters 4 & 5.
Basic Economics Principles 3-4 weeks

Scarcity and Opportunity Cost

On the first day of school there are only 10 chairs available for students, other chairs are not accessible for students to use.

This introduction to scarcity sets the stage for economic thinking for the year.

Debate

The debate topic varies year to year depending on current issues in the economy. Some of the debate topics are taken from Taking Sides; Economic Issues provided by McGraw Hill, others are selected from current issues of the Economist.

Ch. 1 **The Nature and Method of Economics; The Economic Way of Thinking discussion**

Ch. 2 **The Economizing Problem** Read pg 22-36

- 1)Activity 1 PPC Experiment and Reflection; This experiment allows students to derive and demystify production possibilities curves, Scarcity, Opportunity Cost, and PPC;
- 2)Activity 2 Implicit and Explicit Costs, Campus Parking;
- 3)Activity 4 Unlimited wants, limited resources

Ch. 3 **Individual Markets; Demand and Supply**

- 1) Read pgs 40-43 Marginal Analysis; Demand and Supply overview
- 2) Read pgs 44-46 Nature of Demand activity where students are given asked how many would buy a CD for \$3, \$4, \$5, etc. in order to construct a demand curve ; followed by a worksheet of demand curves for graphing and analysis
- 3) Read pgs 46 49 Nature of Supply activity, similar to above, Demand vs quantity demanded;
- 4) Activity 9,10, 11 Supply vs quantity supplied; Activity 12, 13, Vocabulary quiz
- 5) Read pgs 50-55 Equilibrium activity followed by a worksheet; Activity 14, Supply and Demand review worksheet for Ch. 3, Shifts in supply and demand; Activity 15, Ch. 3 quiz

Ch. 4 **The Market System**

- 1) Circular Flow; Activity 5 Market, Command, Tradition Basic Economic Question Opportunity Cost, Comparative Advantage; Activity 6, Absolute Advantage and Comparative Advantage activity where students are given the PPC of 4 countries and asked to pick a country to represent, then partner up with a different county to negotiate trades.
- 2)Read pgs 10-12 Positive vs Normative economics Logical thinking fallacies; violation of Ceteris Paribus, Post Hoc; Fallacy of Composition, Mixed Problem Set of all previous material
- 3) Assignment: Read Robert Frost’s poem, “The Road Not Taken,” and analyze it in terms of

opportunity cost. Speculate on the narrator's cost and suggest a similar situation you recently faced. Include an explanation of how you arrived at your decision.

Ch. 5 **U.S. and Global Economies** Read pg 73-84

A) Private vs Public, Finance

Ch. 6 **Absolute and comparative advantage, terms of trade-revisit**

Paul Solman video, Unit 1 Review, Unit 1 exam

Unit 2; Ch. 7-8 **Measurement of Economic Performance**

Ch. 7 **GDP**

1) Video; What is GNP? Measuring Broad Economic Goals; Activity 11

2) All About GDP; Activity 12 Understanding the Circular Flow of the Macroeconomy

3) Living Burger to Burger on Route 66; Activity from Favorite Ways to Learn Economics Price

4) Indexes; Activity 13 Components of GDP, expenditure approach, income approach Problems with calculating GDP—Nonmarket transactions, distribution, kind and quality of products.

Changing Nominal GDP to Real GDP. How and Why?

Other national accounts: net National Product, National Income, Personal income, and Disposable Income.

Quiz Chapter 7

Ch. 8 **Unemployment and Business Cycles**

1) The Roller Coaster—The four phases of the business cycle Ch. 8 Paul Solman video The Business Cycle; Activity 17

2) Total Spending and How it Affects the Business Cycle

3) Unemployment Problems with the Unemployment Rate—Who is counted and who isn't? Types of Unemployment; Activity 16

Inflation; The Meaning and Measurement of Inflation The Consumer Price Index and How It Is compared Other Indexes; Producer Price Index Demand-Pull and Cost Push Inflation

Review key concepts from Unit 1, 4-5 weeks Review

Quiz chapter 8 Test your Understanding of Macroeconomic Indicators; Activity 18

Practice MC and Free Response questions

Unit 2 exam

Unit 3 **Macroeconomic Theory and Policy**

7-8 weeks

Topic I Read ch. 9 **The Classical Theory and the Keynesian Theory; An Introduction—Ch. 9**

1) The Role of the Consumption Function Marginal Propensities to Consume and Save Why the Consumption Function Shifts and How It Affects Aggregate Demand The role of the Investment Function Why is Investment Demand unstable? Equilibrium GDP Keynesian Equilibrium; Activity 19

Quiz Keynesian Theory; chapter 9

Topic II Read ch. 10 **Keynesian Model in Action Graphing the Aggregate Expenditure Function**

1) Practice with APC, APS, MPC, and MPS; Activity 20

2) Government Spending and How It Affects Aggregate Demand Adding International Trade to the Aggregate Expenditure Model The Spending Multiplier The Magic of the Multiplier; Activity 21

- 3) Recessionary and inflationary Gaps Paul Solman Video Economics USA: Supply Creates its Own Demand Investment Demand; Activity 22

Quiz chapter 10

Topic III Read ch. 11 **Aggregate Demand and Supply Aggregate Demand curve**—Reasons for Its Shape Nonprice-Level Determinants of Aggregate Demand An Introduction to Aggregate

1) Demand; Activity 23, Aggregate Supply Curve; Classical view, Keynesian view, changes in equilibrium price and quantity with three ranges Non-price-Level Determinants of Aggregate

Supply

2) An Introduction to Short-Run Aggregate Supply; Activity 24,

3) Short-Run Equilibrium Price Level and Output; Activity 25

4) Reconciling the Keynesian Aggregate Expenditure Model with the Aggregate Demand and Aggregate Supply Model; Activity 26,

5) Manipulating the AD and AS Model; Exogenous Demand and Supply Shocks; Activity

6) The Macroeconomic Model: Short Run to Long Run; Activity 28

7) The Long-Run Economy; Activity 29

Quiz chapter 11

Topic IV Revisit ch. 10 & 12 **Fiscal Policy/Public Sector Discretionary Fiscal Policy**; Changes in government spending, changes in tax rates, balanced-budget multiplier Supply-Side Policies

1) Discretionary and Automatic Fiscal Policy; Activity 31

2) Two Ways to Analyze Fiscal Policy; Activity 32 Analyzing the Macroeconomy; Activity 33

3) Laffer Curve Government Size and Growth Types of Taxation Federal Deficits and the National Debt

Quiz chapter 12 Review for Unit 3

Unit 3 exam

Unit 4 Ch. 13, 14, 15, and 29

Money, Banking and Monetary Policy

4-5 weeks

Topic I Read ch. 13 Money and Banking Three functions of Money What Stands Behind the U.S.

1) Dollar The Three Money Supply Definitions, Money; Activity 34

2) What's All This About the Ms?; Activity 35

3) The Federal Reserve System Origins and organizational structure Powers of the FED Tolls of the FED

4) The Monetary Equation of Exchange; Activity 36

Topic II Ch. 14-15 **Creation of Money & Monetary Policy**

1) The Money Multiplier The Multiplier Expansion of Checkable Deposits; Activity 37

Quiz chapter 14

2) Monetary Policy Shortcomings Money multiplier inaccuracies; lags in policy effects Monetary Policy The demand for money and how it may affect interest rates How monetary policy affects prices, output and employment The Monetarist view of money A comparison of views;

Monetarist, Keynesians, and Classical The Federal Reserve: The Mechanics of Monetary Policy; Activity 38

3) The Money market; Activity 39 Video; The Fed Today, Quiz chapter 15

Ch 29 Loanable Funds Market Real vs Nominal interest rates

1) Real Interest Rates and Nominal Interest Rates; Activity 41

2) Monetary Policy; Activity 42 Paul Solman video

Review Unit 4

Unit 4 Exam

Mid term exam review

Mid term exam; Modeled after AP Exam, consists of MC and Free Response, both long and short response.

Unit 5

Ch. 16-19 **Concerns of the Modern Economy** (Growth and Productivity) 3-4 weeks

Topic I Ch. 16-17 **What is the Phillips Curve; short run and long run Rational Expectations Theory**

1) Monetary and Fiscal Policy; Activity 43

2) Crowding Out: A graphical Representation; Activity 44 Graphing Monetary and Fiscal Interactions; Activity 45

3) Short-Run Phillips Curve; Activity 46 Economic Growth and the Determinants of Productive Capacity; Activity 47 Paul Solman Video;

Quiz chapters 16-17

Topic II Ch. 18-19 **Macroeconomic Theories: Classical, Keynesian, Monetarists**

1) Macroeconomic Debates, Why Economists Disagree; Activity 48 Unemployment vs Inflation Analysis of Various Economic Problems and Solutions

Quiz chapter 18-19

Review Unit 5

Unit 5 exam

Unit 6 **The International Economy**

3-4 weeks

Ch. 37-39

Topic I Ch. 37-38 **International Trade and Finance Why Nations Trade at All Comparative and Absolute Advantage Free Trade vs Protectionism**

The Balance of Payments Exchange Rates

1) Determining comparative Advantage; Activity 49 Economic Efficiency and Gains from Trade; Activity 50

2) Barriers to Trade; Activity 51 Imbalance of Payments;

3) Activity 52 Exchange Rates; Activity 53

Quiz; chapters 37-38

Topic II Ch. 39 **Basic Types of Economic Systems Traditional, command, and market economics Capitalism and socialism, Comparing the systems**

1) Comparing Developed and Developing Countries Classifying countries by GDP per capita

How to sustain economic growth in developing countries Implications for a changing world Paul Solman video

2) How Monetary and Fiscal Policies Affect Exchange Rates; Activity 54

The International Way of Thinking; Activity 55 Globalization Activities from NCEE

Quiz chapter 39

Review Unit 6

Unit 6 exam

AP Review 3-4 weeks

Student Evaluation

The majority of a student's performance is assessments, quizzes, exams, and the final. Participation plays a role in a student's final grade if a student is on the border of two grades. Homework is a

minimal part of a student's overall grade and is required. Debates and in class simulations have follow-up questions which are required. A project at the end of the year after the AP exam is a portion of the second semester grade.

Quizzes are mostly multiple choice and based on the particular chapter being covered. Unit exams are weighted 2/3 multiple choice and 1/3 free-response, similar to the format of the AP Exam.

Student Activities

Students who complete the full year are well-prepared to take the AP Macroeconomics Exam. Students are expected to complete a book review the second semester and a final comprehensive project, after the AP Exam. In addition, guest speakers on a variety of topics will come in, depending on the interests of the students. For example, last year a bank manager provided a set of 4 modules directly related to personal finance, which the students found fascinating. Students learned about loans, credit, financial institutions, investing, etc. There was also an investment banker who came in to follow-up with the students on personal investments.

Time is not an issue in this course, so the students are able to participate in a variety of hands-on activities to get a feel for economics. This is most students' first experience with economics and we spend a great deal of time on economic vocabulary used incorrectly in everyday language, due to misconceptions and misunderstandings.