

A.P. Macroeconomics Syllabus

The purpose of an Advanced Placement course in macroeconomics is to give students a thorough understanding of the principles of economics that apply to national income and price determination, economic performance measures, economic growth, and international economics.

Materials: In order to be fully prepared, students are expected to have their notebooks (one with pockets to hold handouts), and pens or pencils in class every day. You will be advised ahead of time if you need any additional materials.

Grading Procedures: Students will be assessed in a variety of ways. This may include but not be limited to homework, worksheets, quizzes, tests, daily work, projects (both individual and group), and a final exam. The breakdown of these grades will be as follows:

Tests:	45%.
Performance Tasks :	20%
Quizzes:	20%
Homework/Classwork:	15%

I will spot check assignments to see if students have completed their homework. If your assignment is not **completely** finished (and shows that thought was put into it) then you will lose credit. In addition, throughout the semester I will take assignments to grade.

Students and parents must understand up front that this is a college level class. As such, students will be expected to spend a great deal more time on this class than they would in an ordinary class. The very nature of economics makes it almost like a foreign language. It is very important for the student to work on economics daily or they will ultimately get behind and will not be able to catch up.

SUMMARY OUTLINE: AP MACROECONOMICS COURSE AND EXAMINATION

<u>Content Area</u>	<u>% goals of examination</u>
I. Basic economic concepts	8-12%
A. Scarcity, choice and opportunity costs	
B. Production possibilities curve	
C. Comparative advantage, absolute advantage, specialization and exchange	
D. Demand, supply, market equilibrium	
E. Macroeconomic issues, business cycle, unemployment, inflation and growth	
II. Measurement of economic performance	12-16%
A. National income accounts (4-6%)	
1. Circular flow	
2. Gross Domestic Product	
3. Components of Gross Domestic Product	
4. Real versus nominal Gross Domestic Product	

- B. Inflation measurement and adjustment (4-5%)
 - 1. Price indices
 - 2. Nominal and real values
 - 3. Costs of inflation

- C. Unemployment (4-5%)
 - 1. Definition and measurement
 - 2. Types of unemployment
 - 3. Natural rate of unemployment

- III. National income and price determination (10-15%)
 - A. Aggregate demand
 - 1. Determinants of aggregate demand
 - 2. Multiplier and crowding-out- effects

 - B. Aggregate supply
 - 1. Short-run and long run analyses
 - 2. Sticky versus flexible wages and prices
 - 3. Determinants of aggregate supply

 - C. Macroeconomic equilibrium
 - 1. Real output and price level
 - 2. Short and long run
 - 3. Actual versus full-employment output
 - 4. Economic fluctuations

- IV. Financial Sector (15-20%)
 - A. Money, Banking, and financial markets
 - 1. Definition of financial assets: money, stocks, bonds
 - 2. Time value of money
 - 3. Measure of money supply
 - 4. Banks creation of money
 - 5. Money demand
 - 6. Money market
 - 7. Loanable funds market

 - B. Central bank and control of the money supply
 - 1. Tools of central bank policy
 - 2. Quantity theory of money
 - 3. Real versus nominal interest rates

- V. Inflation, Unemployment, and Stabilization Policies (20-30%)
 - A. Fiscal and monetary policies
 - 1. Demand-side effects
 - 2. Supply-side effects
 - 3. Policy mix
 - 4. Government deficits and debt

 - B. Inflation and unemployment (5-10%)
 - 1. Types of inflation
 - a. Demand-pull inflation

- b. Cost push inflation
- 2. The Phillips curve: short run versus long run
- 3. Role of expectations

- VI. Economic Growth and Productivity (5-10%)
 - A. Investment in human capital
 - B. Investment in physical capital
 - C. Research and development, and technological progress
 - D. Growth policy

- VII. Open Economy: International Trade and Finance (10-15%)
 - A. Balance of payments accounts
 - 1. Balance of trade
 - 2. Current account
 - 3. Capital account
 - B. Foreign exchange market
 - 1. Demand for and supply of foreign exchange
 - 2. Exchange rate determination
 - 3. Currency appreciation and depreciation
 - C. Net exports and capital flows
 - D. Links to financial and goods markets

Note: The percentages approximate the weight on the AP exam. These change from year to year so I will be making adjustments as needed. I reserve the right to make adjustments in course content and/or grading procedures as needed.

Copyright College Entrance Examination Board and Educational Testing Services