

AP MACROECONOMICS

Description

Macroeconomics focuses on the economic system as a whole. We will look at major economic indicators such as gross domestic product, inflation and unemployment as well as other forces that affect the entire economy. Other topics covered include inflation, unemployment and international policy.

Course Overview

Course Goals

Students should:

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Essential Questions

- What gets produced? Who produces it? Who gets the goods? How does change occur?
- What is the nature of the business cycle?
- How do forces of aggregate supply and aggregate demand determine equilibrium GDP and price level?
- What determines the government's use of fiscal policy?
- What determines the government's use of monetary policy?
- How does an economy achieve long run equilibrium?
- What are the impacts of opening an economy to trade?

Assessments

Common Assessments

Skill Assessments

Content Outline

- [Unit 1](#) - Basic Economic Concepts and Measures
- [Unit 2](#) - Measuring Economic Performance
- [Unit 3](#) - Determination of Macroeconomic Equilibrium
- [Unit 4](#) - Fiscal Policy
- [Unit 5](#) - Monetary Policy
- [Unit 6](#) - Long Run Economic Perspective and Economic Growth
- [Unit 7](#) - International Trade and Finance

Standards

[National Business Education Association Standards](#)

NBEA Standards are met in the following areas:
ECONOMICS

- *Allocation of Resources*
- *Economic Systems*
- *Global Economic Concepts*
- *Aggregate Supply and Aggregate Demand*
- *Economic Institutions and Incentives*
- *The Role of Government*

Grade Level Skills

Students will:

- Skills Matrix

	<ul style="list-style-type: none">• <i>Productivity</i> <p>State of Connecticut Social Studies Curriculum Frameworks</p> <p>Connecticut State Standards are met in the following areas:</p> <ul style="list-style-type: none">• <i>Limited Resources</i>• <i>Economic Systems</i>• <i>Economic Interdependence</i>	
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Pacing Guide						
1st Marking Period				2nd Marking Period		
Month 1	Month 2	Month 3	Month 4	Month 5		
Unit 1 <u>Basic Economic Concepts and Measures</u> 1 ½ weeks	Unit 2 <u>Measuring Economic Performance</u> 2 weeks	Unit 3 <u>Determination of Macroeconomic Equilibrium</u> 3 weeks	Unit 4 <u>Fiscal Policy</u> 2 weeks	Unit 5 <u>Monetary Policy</u> 3 ½ weeks	Unit 6 <u>Long Run Economic Perspective and Economic Growth</u> 2 weeks	Unit 7 <u>International Trade and Finance</u> 3 weeks

Unit 1 - Basic Economic Concepts and Measures, 1 ½ weeks [top](#)

NBEA Standards

ECONOMICS

Allocation of Resources

Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.

Level 3 Performance Expectations

- explain the concept of marginalism as it applies to producers and consumers
- evaluate the trade-offs of alternatives for solving societal problems according to economic goals (e.g., economic growth, equity, efficiency, security, employment, stability, and freedom)

Level 4 Performance Expectations

- suggest what a nation or business should do if economic resources are underutilized

Economic Systems

Explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.

Level 3-4 Performance Expectations

- analyze existing economies and how they answer the three questions every economic system must answer

Global Economic Concepts

Examine the role of trade, protectionism, and monetary markets in the global economy.

Level 3-4 Performance Expectations

- compare and contrast absolute and comparative advantage
- analyze different countries to determine the comparative advantage of individuals within those countries for making and trading goods and services

Connecticut Social Studies Standards

Students will:

CCS 13: Limited Resources

- 13.9-10.1 compare the resources used by various cultures, countries and/or regions throughout the world.
- 13.9-10.2 explain that a country's potential Gross Domestic Product depends on the quantity and quality of natural resources, the size and skills of the population, and the amount and quality of its capital stock.

Unit Objectives

Students will be able to:

- apply basic economic concepts, analytic tools and vocabulary.

Essential Question

- What gets produced? Who produces it? Who gets the goods? How does change occur?

Assessment

- Graphing review packet

Skill Objectives

<ul style="list-style-type: none"> • explain how the market system allocates resources. 	<p><u>Focus Questions</u></p> <ul style="list-style-type: none"> • How does the market apply scarce resources to meet wants? • How are economic policy decisions made? • How does society achieve allocative and productive efficiency? • What are the benefits of trade? • How does the market find equilibrium? 	<p>Students will:</p> <ul style="list-style-type: none"> • apply the production possibilities frontier. • use graphical narrative for finding equilibrium in an individual market. • calculation of comparative advantage ratios. • graphically analyze producer, consumer surpluses and deadweight loss.
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Unit 2 – Measuring Economic Performance, 2 weeks [top](#)

NBEA Standards

ECONOMICS

Aggregate Supply and Aggregate Demand

Analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.

Level 3 Performance Expectations

- compare and contrast the different stages of the business cycle (e.g., recovery, expansion, trough, and peak)
- identify the components of the labor force
- differentiate between the types of unemployment (frictional, structural, cyclical, and seasonal)
- interpret the Consumer Price Index (CPI) in relationship to purchasing power
- discuss major factors that affect the level of a country's Gross Domestic Product (GDP) (e.g., quantity and quality of natural resources, quantity and quality of human capital, and quantity and quality of capital stock)
- locate the per capita GDP of various nations to compare the levels of economic well-being
- identify and analyze leading economic indicators and the methods of using the indicators to validate opinions about the state of the economy in the near future

Level 4 Performance Expectations

- assess the understatement and overstatement of CPI and the effects on the economy and the individual
- differentiate between final goods and intermediate goods to determine GDP
- discuss how changes in disposable income affect the economy
- analyze the relationship of different components of GDP ($C + I + G + X - M$)
- differentiate between GDP, NDP, NI, PI, and DI

Connecticut Social Studies Standards

Students will:

CCS 13: Limited Resources

13.9-10.2 explain that a country's potential Gross Domestic Product depends on the quantity and quality of natural resources, the size and skills of the population, and the amount and quality of its capital stock.

CCS 14: Economic Systems

14.9-10.3 understand the causes and effects of periods of growth and recession evident in the history of market economies.

14.11-12.2 interpret important statistics about the national economy: the inflation rate, unemployment rate, Gross Domestic Product and its growth rate.

Unit Objective

Students will be able to:

- analyze the effects of the business cycle as

Essential Question

- What is the nature of the business cycle?

Assessment

- Free Response Question 2007 Exam

measured by national account calculations.	<p><u>Focus Questions</u></p> <ul style="list-style-type: none"> • How do we measure the performance of the economy? • What are the economic costs of inflation and unemployment? 	<p><u>Skill Objectives</u></p> <p>Students will:</p> <ul style="list-style-type: none"> • use the price index to determine Real GDP. • apply these measures to the history of economic growth in the US. • define and measure unemployment (unemployment rate). • define and measure inflation. • calculate and interpret components of national accounts. • calculate and interpret real GDP through use of price index. • depict business cycles graphically.
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Unit 3 - Determination of Macroeconomic Equilibrium, 3 weeks [top](#)

NBEA Standards

ECONOMICS

Economic Institutions and Incentives

Analyze the role of core economic institutions and incentives in the U.S. economy.

Level 3-4 Performance Expectations

- provide illustrations of how the market system requires a give-and-take between institutions and individuals

The Role of Government

Analyze the role of government in economic systems, especially the role of government in the U.S. economy.

Level 3 Performance Expectations

- investigate the effects of government actions and economic conditions on personal financial planning

Aggregate Supply and Aggregate Demand

Analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.

Level 3 Performance Expectations

- analyze the causes and effects of demand-pull and cost-push inflation
- calculate the real interest rate (nominal minus rate of inflation)

Level 4 Performance Expectations

- analyze the relationship of different components of GDP ($C + I + G + X - M$)

Connecticut Social Studies Standards

Students will:

CCS 14: Economic Systems

14.11-12.2 interpret important statistics about the national economy: the inflation rate, unemployment rate, Gross Domestic Product and its growth rate.

Unit Objective

Students will be able to:

- apply the AD/AS model to describe and graphically represent the impact of changes in income and expenditures.

Essential Question

- How do forces of aggregate supply and aggregate demand determine equilibrium GDP and price level?

Focus Questions

- What is the economic impact of consumer's marginal decisions to save or spend?
- How do producers determine their level of

Assessment

- Free Response Question 2006 #1

Skill Objectives

Students will:

- calculate and interpret APC, APS, MPC, MPS.
- describe and graphically represent Investment demand decisions.

	<p>investment?</p> <ul style="list-style-type: none"> • What is the relationship between the level of saving and investment? • How does government spending affect GDP? • What are the effects of trade on GDP? • How does the AD/AS model demonstrate various economic scenarios? 	<ul style="list-style-type: none"> • calculate the spending multiplier and use it to analyze changes in GDP. • depict equilibrium GDP. • demonstrate the effects of trade. • graphically depict changes in the components of AD. • describe and graphically represent the relationship of SRAS to LRAS. • analyze changes in aggregate demand and supply and determine the impact on price levels and GDP. • show the evolution of demand pull and cost push inflation on an AD/AS graph.
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Unit 4 – Fiscal Policy, 2 weeks [top](#)

NBEA Standards

ECONOMICS

Economic Institutions and Incentives

Analyze the role of core economic institutions and incentives in the U.S. economy.

Level 3-4 Performance Expectations

- explain how specific financial and nonfinancial incentives influence economic behavior of individuals in different ways
- identify major functions of the public sector in a market economy
- analyze ways in which a society's allocation of resources will be affected by its laws, public policy, and taxation

The Role of Government

Analyze the role of government in economic systems, especially the role of government in the U.S. economy.

Level 3 Performance Expectations

- define and give examples of progressive, regressive, and proportional taxes and their effect on specific income groups
- give examples of taxes based on the principles of benefits received and ability to pay
- explain how government's redistribution of income through taxation, spending, and assistance/entitlement programs affects the well-being of people and businesses in an economy
- identify fiscal policies used by the federal government to regulate the economy

Level 4 Performance Expectations

- analyze how taxes serve as an incentive or disincentive to individuals and institutions
- identify and evaluate how stabilizers (e.g., unemployment compensation, welfare benefits, Social Security, subsidies, and tax rates) affect economies in transition

Connecticut Social Studies Standards

Students will:

CCS 13: *Limited Resources*

13.9-10.3 analyze how market forces and government regulation impact the use of resources.

Unit Objective

Students will be able to:

- recommend and describe fiscal policy to address specific economic issues.

Essential Question

- What determines the government's use of fiscal policy?

Focus Questions

- What is fiscal policy?
- When is fiscal policy used?

Assessments

- Free Response Question 2002 #1
- Free Response Question 2003 #1

Skill Objectives

Students will:

	<ul style="list-style-type: none"> • What are the limitations of fiscal policy? 	<ul style="list-style-type: none"> • describe and graph the economic impact of fiscal policy. • identify when to use the proper fiscal tools. • determine the effects of fiscal policy on GDP and employment levels. • graphically represent the multiplier effect and resulting shifts in AD/AS. • describe the graphical representation of built-in stabilizers.
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Unit 5 – Monetary Policy, 3 ½ weeks [top](#)

NBEA Standards

ECONOMICS

The Role of Government

Analyze the role of government in economic systems, especially the role of government in the U.S. economy.

Level 3 Performance Expectations

- identify monetary policies used by the Federal Reserve System to regulate the economy
- discuss the history of banking in the United States, how monetary and fiscal policies have evolved, and how monetary and fiscal policies have been in opposition or in harmony with each other
- differentiate between monetary and fiscal policies and identify when it may be appropriate to use a given policy

Level 4 Performance Expectations

- describe why the Federal Reserve System and the federal government have limited ability to control the total amount of money in the U.S. economy
- critique the ability of fiscal and monetary policies to influence the level of economic activity in the United States and abroad

Connecticut Social Studies Standards

Students will:

CCS 15: Economic Interdependence

- 15.11-12.1 evaluate the effects of national policies (e.g., on trade, immigration and foreign investments, as well as fiscal and monetary policies) on the international exchange of goods, services and investments.

Unit Objective

Students will be able to:

- recommend and describe monetary policy to address specific economic issues.

Essential Question

- What determines the government's use of monetary policy?

Focus Questions

- What constitutes the money supply?
- How is equilibrium determined in the money market?
- How is equilibrium determined in the loanable funds market?
- What is the role of the Federal Reserve?
- What is monetary policy?
- When is monetary policy used?
- What are the limitations of monetary policy?

Assessments

- Free Response Question 2006 #2
- Free Response Question 2004 #1

Skill Objectives

Students will:

- describe and graph the economic impact of fiscal policy.
- identify when to use the proper fiscal tools.
- determine the effects of fiscal policy on GDP and employment levels.
- describe the graphical representation of transaction demand, asset demand, and total demand for money.

		<ul style="list-style-type: none"> • calculate interest yield on bonds. • use T-accounts to demonstrate the impact of changes to the money supply. • describe the impact of easy money and tight money policies on net exports.
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Unit 6 – Long Run Economic Perspective and Economic Growth, 2 weeks [top](#)

NBEA Standards

ECONOMICS

Productivity

Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.

Level 3-4 Performance Expectations

- assess opportunity costs and economic risks involved when investing in physical and human capital to increase productivity
- discuss the effects of government expenditures, regulations, and tax policies on productivity
- explain how investment in research and development affects productivity

The Role of Government

Analyze the role of government in economic systems, especially the role of government in the U.S. economy.

Level 3 Performance Expectations

- analyze the effect of national debt or surplus on the economy

Level 4 Performance Expectations

- analyze the effect of the federal deficit on the economy
- analyze short- and long-term effects of deficit spending

Connecticut Social Studies Standards

Students will:

CCS 14: Economic Systems

14.9-10.3 understand the causes and effects of periods of growth and recession evident in the history of market economies.

14.11-12.1.1 Evaluate economic systems by their ability to achieve broad societal goals, such as efficiency, equity, security, employment, stability and economic growth.

Unit Objective

Students will be able to:

- depict and describe the evolution of economies from short run to long run equilibrium.

Essential Question

- How does an economy achieve long run equilibrium?

Focus Questions

- What is the relationship amongst short run aggregate supply, long run aggregate supply and full employment GDP?
- What is the relationship between inflation and

Assessment

- Crisis Project

Skill Objectives

Students will:

- distinguish between the long run and short run using AD/AS analysis.
- describe the graphical representation of demand pull inflation in the long run

	<p>unemployment?</p> <ul style="list-style-type: none"> • How do economies grow? • How does policy affect the growth of the economy? 	<p>using AD/AS graph.</p> <ul style="list-style-type: none"> • describe the graphical representation of cost push inflation and recession in the long run using AD/AS graph. • use the Phillips Curve to describe the tradeoff between unemployment and inflation. • distinguish between the long run and short run Phillips curve. • graphically depict economic growth using the production possibilities curve. • analyze issues related to public debt in US.
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Unit 7 – International Trade and Finance, 3 weeks [top](#)

NBEA Standards

ECONOMICS

Global Economic Concepts

Examine the role of trade, protectionism, and monetary markets in the global economy.

Level 3-4 Performance Expectations

- determine how the supply and demand of a currency affects its foreign exchange rate
- differentiate between currency appreciation and currency depreciation
- analyze how a change in the value of a nation's currency (appreciation or depreciation) can affect the level of its imports and exports
- compare and contrast absolute and comparative advantage
- discuss the advantages and disadvantages and distributive effects of trade restrictions (e.g., tariffs, quotas, and embargoes)
- distinguish between the balance of trade and the balance of payments
- evaluate the impact of international economic unions on the global community and the influence these unions have on the member nations and on different groups within those nations

Connecticut Social Studies Standards

Students will:

CCS 15: *Economic Interdependence*

- 15.9-10.1 illustrate the international differences in resources, productivity and prices that are a basis for international trade.
- 15.9-10.2 explain that a nation has a comparative advantage when it can produce a product at a lower opportunity cost than its trading partner.

Unit Objective

Students will be able to:

- analyze and critique trade policies.

Essential Question

- What are the impacts of opening an economy to trade?

Focus Questions

- How do we quantify the opportunities of trade?
- How do we depict the impact of trade on the domestic product market using supply and demand analysis?
- What are barriers to trade and their impact on equilibrium price and quantity?
- What are the advantages and disadvantages of various trade policies?
- How do countries finance trade?

Assessments

- Free Response Question 2003 #3
- Review Packets

Skill Objectives

Students will:

- describe the graphical representation of comparative/absolute advantage and trading possibilities line.
- calculate opportunity cost and terms of trade based on comparative advantage.
- draw and apply export and import demand and supply curves.

	<ul style="list-style-type: none"> • What international policies have been applied to manage exchange rates? 	<ul style="list-style-type: none"> • use graphical analysis to determine world price of goods. • graphical depict the impact of trade barriers on a product market. • calculate the balance of payments, the current account balance, and the capital account balance. • describe the graphical representation of events in foreign currency markets.
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CULMINATING PROJECTS [top](#)

After the AP exam the students will execute culminating projects. These projects will have the students exercise their skills with graphical analysis by having them apply this analysis to real world situations.

One project will require the students to select current economic events from the news and to provide a graphical analysis to explain the origin of these events and how they are evolving.

Other Projects may include analysis of Stocks versus Bonds as well as graphical analysis of current news events.