**Sharyland High School** 

**AP Economics**

**Course Syllabus**

**Course Description:**

Teacher: Mr. J. Stockton

Room: 217 (200) Building Phone: (956) 580-5300 ext. 1421 shs.sharylandisd.org/faculty/Jstockton

AP Macroeconomics is a college-level course that introduces students to the principles that apply to an economic system as a whole. The course places particular emphasis on the study of national income

and price-level determination. It also develops students’ familiarity with economic performance measures, the financial sector, stabilization policies, economic growth, and international economics. Students learn to use graphs, charts, and data to analyze, describe, and explain economic concepts. AP Macroeconomics is equivalent to a one-semester introductory college course in economics.

**Course Agenda/Outline:**

The AP Macroeconomics course is structured following the unit and topic structure provided in the AP Macroeconomics Course and Exam Description. The chapters from Mankiw’s Principles of Economics are included in the outline below. CR3

| **Learning / Teaching Unit** | **AP Macroeconomics Unit I - Basic Economic Concepts** |
| --- | --- |
| **AP Outline Statement as Given in Course Description** | I. Basic Economic Concepts (8-12%)   1. Scarcity, choice, opportunity costs 2. Production possibilities curve 3. Comparative advantage, absolute advantage, specialization, and exchange 4. Demand, supply, and market equilibrium 5. Macroeconomic issues: business cycle, unemployment, inflation, growth |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics,* 2nd Edition Ch. 1, 2, 3 |
| **Key Concepts and Skills** | 1. Define the science of economics 2. Distinguish between opportunity cost, scarcity and trade-offs. 3. Distinguish between macroeconomics and microeconomics. 4. List the three basic economic questions. 5. Define comparative advantage and specialization and benefits of exchange. 6. Use a production possibilities curve to demonstrate opportunity cost and growth. 7. List the determinants of demand and supply curves. 8. Recognize which factors will cause demand curves or supply curves to shift. 9. Distinguish between changes in quantity demanded versus a change in demand. 10. Distinguish between changes in quantity supplied versus a change in supply. 11. Determine effects on price and quantity when equilibrium changes. 12. Define business cycle. 13. Define unemployment. 14. Define Inflation. 15. Describe what compromises economic growth. 16. Complete a review of graphs, their uses, and meaning. |
| **Key Terms** | Economics, Economic perspective, utility, marginal analysis, scientific method, theoretical economics, principles, generalizations, other-things-equal assumption, policy economics, tradeoffs, macroeconomics, aggregate, microeconomics, positive economics, normative economics, fallacy of composition, “after this, therefore because of this,” fallacy, horizontal axis, vertical axis, direct relationship, inverse relationship, independent value, dependent value, slope of a straight line, vertical intercept, economizing problem, economic resources, land, capital, investment, labor, entrepreneurial ability, factors of production, full employment, full production, productive efficiency, allocative efficiency, consumer goods, capital goods, production possibility table / curve, opportunity cost, law of increasing opportunity cost, economic growth, economic system, market system, capitalism, command system, resource market, product market, circular flow model,, market, demand, demand schedule, law of demand, diminishing marginal utility, income effect, substitution effect, demand curve, determinants of demand, normal goods, inferior goods, substitute goods, complementary good, change in demand, supply, supply schedule, law of supply, supply curve, determinants of supply, change in supply, surplus, shortage, equilibrium price, equilibrium quantity, rationing function of prices, price ceiling, price floor, private property, freedom of enterprise, freedom of choice, self-interest, competition, roundabout production, specialization, division of labor, medium of exchange, barter, money, normal profit, economic profit, expanding / declining industry, consumer sovereignty, dollar votes, derived demand, guiding function of prices, creative destruction, “invisible hand,” distribution of income, durable goods, nondurable goods, services, plant, firm, industry, sole proprietorship, partnership, corporation, stocks, bonds,  limited liability, double taxation, principal-agent problem, monopoly, spillover costs, spillover benefits, public goods, free-rider problem, quasi-public goods, government purchases, transfer payments, personal income tax, marginal tax rate, payroll taxes, corporate income tax, sales and excise taxes, property taxes, multinational corporation, comparative advantage, terms of trade, foreign exchange market, exchange rates, depression, appreciation, protective tariffs, import quotas, non tariff barriers, export subsidies, Smoot-Hawley Tariff Act, Reciprocal Trade Agreements Act, most-favored, most favored nations clauses, General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), Doha Round, European Union (EU), trade bloc, euro, North American Free Trade Agreement (NAFTA), economic growth, business cycle, unemployment, inflation |

| **Key Graphs** | Production Possibilities Curve Allocative Efficiency: MB=MC Circular Flow Diagram  Equilibrium Price and Quantity – changes in demand and supply curve Four Phases of the Business Cycle |
| --- | --- |
| **Mathematical Operations** | *MB = MC*  *Slope = vertical change*  *horizontal change Basic graphing concepts* |
| **Essential Conceptual Questions** | 1. How is economics different from laboratory science? 2. Describe the differences between macroeconomics and microeconomics 3. Identify the factors of production. 4. What is meant by the term “marginal” when applied to the terms cost and benefit? 5. What is meant by the “economizing problem?” 6. What factors will cause a shift in demand and/ or supply? 7. What is the “invisible hand?” Who originated this idea? 8. Describe the differences between the market system and the command system. 9. What are the four phases of the business cycle? 10. What are the three major legal forms of business organization? 11. What is the government’s role in the distribution of income? 12. How do governments interfere with trade? 13. What effects do unemployment and inflation have on the growth of the economy? |

| **Learning / Teaching Unit** | **AP Macroeconomics Unit II - Measuring Economic Performance** |
| --- | --- |
| **AP Outline Statement as Given in Course Description** | II. Measurement of Economic Performance (12-16%)  A. National income accounts   1. Circular flow 2. GDP 3. Components of GDP 4. Real vs. nominal GDP   B. Inflation measurement and adjustment   1. Price Indices 2. Nominal and real values 3. Costs of Inflation   C. Unemployment   1. Definition and measurement 2. Types of unemployment 3. Natural rate of unemployment |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics, 2nd Edition*  Chapters: 23, 24 |
| **Key Concepts and Skills** | 1) Describe the macroeconomic performance in the United States and other countries - |

|  | GDP, inflation, unemployment and other indicators   1. Define Gross Domestic Product by expenditure and income approaches 2. Distinguish between nominal GDP and real GDP 3. Explain the limitations of GDP measures 4. Define unemployment; list sources and types 5. Define labor force participation rate 6. Define the full employment level of GDP 7. Distinguish between actual and potential GDP 8. Explain the calculation of price indices—GDP deflator, CPI, PPI 9. Use price indices to calculate real wages and real interest rates |
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| **Key Terms** | National income accounting, GDP, intermediate goods, final goods, multiple goods, value added, expenditures approach, income approach, personal consumption, C, Ig, net private domestic investment, G, Xn, national income, indirect business taxes, consumption of fixed capital, NDP, PI, DI, nominal GDP, real GDP, price index, economic growth, real GDP per capita, productivity, business cycle, peak, recession, trough, recovery, labor force, unemployment rate, discouraged workers, frictional unemployment, structural unemployment, cyclical unemployment, full-employment rate of unemployment, NRU, potential output, GDP gap, Okun’s law, inflation, CPI, demand-pull inflation, cost-push inflation, per-unit production costs, nominal income, real income, anticipated inflation, unanticipated inflation, COLAs, real interest rate, nominal interest rate, deflation, hyperinflation |
| **Key Graphs** | Circular Flow Diagram  Four Phases of the Business Cycle |
| **Mathematical Operations** | *GDP = C + Ig + G + Xn*  *GDP = Wages + Rent + Interest + Profits + Statistical Adjustments NDP = GDP – depreciation*  *DI = C + S*  *Price Index for a given year = market basket for a given year X 100*  *market basket in base year*  *Real GDP = Nominal GDP*  *Price index*  *Price Index = Nominal GDP*  *Real GDP*  *# years to double GDP = 70*  *annual percentage rate of growth*  *unemployment = unemployed X 100*  *labor force*  *CPI = market basket most recent X 100 market basket in 82-84*  *pre-unit production cost = total input*  *units of output*  *Real Income = nominal income*  *price index* |

| **Learning / Teaching Unit** | **AP Macroeconomics Unit III - National Income and Price** |
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|  | **Determination** |
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| **AP Outline Statement as Given in Course Description** | 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 vs. flexible wages and prices 3. Determinants of aggregate supply Macroeconomic equilibrium 4. Real output and price level 5. Short and long run 6. Actual vs. full-employment output 7. Economic fluctuations |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics*, 2nd Edition Chapters: 22, 25, 27, 28 |
| **Key Concepts and Skills** | 1. List the determinants of aggregate demand 2. Distinguish between changes in AD and a change in price level causing movement along the AD curve 3. List reasons why the aggregate demand curve is down sloping 4. List the determinants of aggregate supply 5. Distinguish between changes in AS and a change in price level causing movement along the AS curve 6. Explain and demonstrate the shape of the aggregate supply curve in the short and long run; define and show the full-employment level of output (Qf) 7. Determine the importance of the shape of the AS curve on the effects of change in the AD curve 8. Determine equilibrium using an aggregate demand/aggregate supply graph and show the effects on price level and Real GDP when equilibrium changes in both   the long and the short run   1. Given data, determine the size of the spending multiplier and assess is impact on aggregate demand |
| **Key Terms** | Consumption schedule, saving schedule, break-even income, APC, APS, MPC, MPS, wealth effect, expected rate of return, investment demand curve, multiplier, planned investment, investment schedule, aggregate expenditures schedule, equilibrium GDP, leakage, injection, unplanned changes in inventories, net exports, lump-sum tax, recessionary gap, inflationary gap, aggregate, AD-AS model, aggregate demand, real-balances effect, interest –rate effect, foreign purchases effect, determinants of aggregate demand, aggregate supply, long-run  aggregate supply curve, short-run aggregate supply curve, determinants of aggregate supply, productivity, equilibrium price level, equilibrium real output, efficiency wages, menu costs |
| **Key Graphs** | Consumption Schedule Savings Schedule Investment Demand Curve Equilibrium GDP  Recessionary and Inflationary Gaps  Equilibrium Price Level and Equilibrium Real GDP |
| **Mathematical Operations** | *APC = consumption*  *income*  *APS = saving*  *income* |

|  | *MPC = change consumption*  *change income*  *MPS = change saving*  *change income MPC + MPS = 1*  *Multiplier = change in real GDP*  *initial change in spending*  *Change in GDP = multiplier x initial change in spending Multiplier = 1*  *1- MPC*  *Multiplier = 1*  *MPS*  *S= Ig*  *Private closed economy – C + Ig = GDP Per-Unit Production cost = total input cost*  *units of output*  *Productivity = total output*  *total input* |
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| **Learning / Teaching Unit** | **AP Macroeconomics Unit IV - Financial Sector** |
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| **AP Outline Statement as Given in Course Description** | IV. Financial Sector (15-20%)  A. Money, banking and financial markets   1. Definition of financial assets: money, stocks, bonds 2. Time value of money (present and future value) 3. Measure of Money supply 4. Banks and 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 |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics,* 2nd Edition Ch. 26, 29, 30, 31 |
| **Key Concepts and Skills** | 1. Define Fiscal Policy—discretionary and non-discretionary 2. Define and measure the effect of built-in stabilizers on the economy 3. Using AD/AS analysis, show the effect on price level and RDGP of changes in fiscal policy 4. Define the balance budget multiplier 5. Distinguish between sticky-price and sticky-wage models and flexible price and wage models; identify the effect of these differences on the AS curve 6. Define and list factors influencing money demand 7. Define money supply and other financial assets 8. Demonstrate understanding of the time value of money |

|  | 1. Define a fractional banking system 2. Explain the role of the Federal Reserve System in the economy 3. Identify and examine the tools of central bank policy and their impact on money supply and interest rates 4. Describe the process of money creation and multiple-deposit expansion 5. Given data, determine the size of the money multiplier and assess its impact on the money supply 6. Distinguish between nominal and real interest rates 7. Define the quantity theory of money 8. Assess the effect of fiscal and monetary policy on real output, price level and the level of employment in the long and short run 9. Gain understanding of how an economy responds to a short-run shock and adjusts in the long run in the absence of any public policy actions 10. Examine the economic effects of government deficit budgets including “crowding out” |
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| **Key Terms** | fiscal policy, Employment Act of 1946, Council of Economic Advisers (CEA), expansionary fiscal policy, budget deficit, contractionary fiscal policy, budget surplus, built-in stabilizer, progressive tax system, proportional tax system, regressive tax system, full-employment budget, cyclical deficit, political business cycle, crowding-out effect, net export effect, medium of exchange, unit of account, store of value, M1, M2, M3, token money, Federal Reserve Notes, checkable deposits, commercial banks,  thrift institutions, near-monies, savings account, money market deposit account (MMDA), time deposits, money market mutual fund (MMMF), legal tender, transactions demand, asset demand, total demand for money, money market, Federal Reserve System, Board of Governors, Federal Open Market Committee (FOMC), Federal Reserve Banks, financial services industry, electronic transactions, balance sheet  fractional reserve system, vault cash, required reserves, reserve ratio, excess reserves actual reserves, Federal Funds rate, monetary multiplier, monetary policy, open-market operations, reserve ratio, discount rate, easy money policy, tight money policy, Federal funds  rate, prime interest rate, velocity of money, cyclical asymmetry, inflation targeting |
| **Key Graphs** | Demand for Money and the Money Market Monetary Policy and Equilibrium GDP  AD/AS Theory of Price Level, real Output, and Stabilization Policy |
| **Mathematical Operations** | *Composition of M1, M2, M3*  *Reserve ratio = commercial bank’s required reserve checkable-deposit liabilities*  *excess reserves = actual reserves – required reserves Money multiplier = 1*  *required reserve ratio*  *D= E x m* |

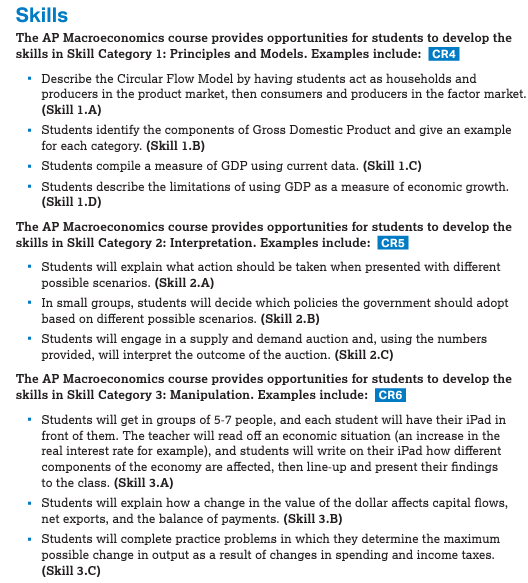
| **Learning / Teaching Unit** | **AP Macroeconomics Unit V - Inflation, Unemployment, and Stabilization**  *We have already covered many of these topics. In this unit will reinforce prior material and expand upon it.* |
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| **AP Outline Statement as Given in Course Description** | V. Inflation, Unemployment, and Stabilization Policies (20-30%)  A. Fiscal and monetary policies   1. Demand-side effects 2. Supply-side effects |

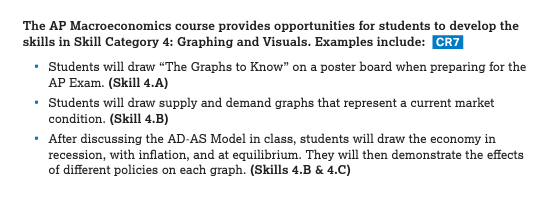
|  | 1. Policy mix 2. Government deficits and debt   B. Inflation and Unemployment  1. Types of Inflation   1. Demand-pull inflation 2. Cost-push inflation 3. The Phillips Curve: short run versus long run 4. Role of expectations |
| --- | --- |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics,* 2nd Edition Ch. 32 (Review of 29 and 31) |
| **Key Concepts and Skills** | 1. Consider issues surrounding the size and burden of the national debt 2. Gain understanding of inflation-unemployment tradeoffs using short and long run Phillips curve analysis 3. Show the causes of inflation on an AD/AS model 4. Speculate on the role of inflationary expectations on price level and output |
| **Key Terms** | Short run, long run, Phillips Curve, stagflation, aggregate supply shocks, long-run vertical Philips Curve, disinflation, supply-side economics, Laffer Curve, public debt, U.S. Securities, annually balanced budget, cyclically balanced budget, functional finance, Social Security trust fund, external public debt, public investments, classical view, Keynesian view, monetarism, equation of change, velocity, real-business-cycle theory, coordination failure, rational expectations theory, new classical economics, price-level surprises, efficiency wage, insider-  outsider theory, monetary rule |
| **Key Graphs** | Phillips Curve – Short Run and Long Run Laffer Curve  Extended AD/AS |

| **Learning / Teaching Unit** | **AP Macroeconomics Unit VI - Economic Growth and Productivity**  *We have already covered many of these topics. In this unit will reinforce prior material and expand upon it.* |
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| **AP Outline Statement as Given in Course Description** | VI. Economic Growth and Productivity (5-10%)   1. Investment in human capital 2. Investment in physical capital 3. Research development, and technological progress 4. Growth Policy |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics,* 2nd Edition Ch. 25 |
| **Key Concepts and Skills** | 1. Define economic growth and list the factors that stimulate growth 2. Assess the role of productivity in raising real output and standard of living 3. Suggest how public policies stimulate economic growth |
| **Key Terms** | economic growth, supply factors, demand factor, efficiency factor, human capital, economies  of scale, New Economy, information technology, start-up firms, increasing returns, network effects, learning by doing, labor productivity, labor-force participation rate, growth accounting |
| **Key Graphs** | Production Possibilities Curve Extended AD/AS |
| **Mathematical Operations** | *Real GDP = hours of work x labor productivity* |

| **Learning / Teaching Unit** | **AP Macroeconomics Unit VII – Open Economy – International Trade** |
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| **AP Outline Statement as Given in Course Description** | VII. Open Economy: International Trade and Finance (10-15%)   1. Balance of payments account    1. Balance of Trade    2. Current account |

|  | 3. capital account   1. Foreign Exchange market    1. Demand for and supply of foreign exchange    2. Exchange rate determination    3. currency appreciation and depreciation 2. Net exports and capital flows 3. Links to financial goods markets |
| --- | --- |
| **Chapters and Textbook Pages** | Krugman and Wells, *Economics,* 2nd Edition Ch. 34 (Review of 33) |
| **Key Concepts and Skills** | 1. Using graphical and table analysis, show the benefit of employing comparative advantage 2. Explain how the balance of payments accounts are recorded 3. Explain the effect of trade restrictions 4. List the factors that influence equilibrium foreign exchange rates 5. Using demand/supply analysis, show how market forces and public policy affect currency demand and currency supply 6. Define currency appreciation and depreciation and relate to graphical analysis 7. State the effects of appreciation and depreciation on a country’s net exports 8. Understand how changes in net exports and capital flows affect financial and goods markets |
| **Key Terms** | labor-intensive goods, land-intensive goods, capital-intensive goods, cost ratio principle of comparative advantage, terms of trade, trading possibilities line  gains from trade, world price ,domestic price, export supply curve, port demand curve equilibrium world price, tariffs, revenue tariff, protective tariff, import quota  nontariff barrier (NTB), voluntary export restriction (VER), strategic trade policy dumping, World Trade Organization (WTO), balance of payments, current account balance on goods & services, trade deficit, trade surplus, balance on current account  capital account, balance on capital account, official reserves, balance of payment deficits & surpluses, flexible-or-floating-exchange-rate system, fixed exchange-rate system purchasing-power-parity theory, currency interventions, exchange controls  gold standard, devaluation, Bretton Woods system, International Monetary Fund (IMF) managed floating exchange rates |
| **Key Graphs** | Trading Possibility Lines and the Gains From Trade  The Market for Foreign Currency |
| **Mathematical Operations** | Exchange of Currencies |

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**Big Ideas:**

The following big ideas are developed throughout the course:

**Economic Measurements—** Students will learn how to measure economic growth through a number of different benchmarks. These include GDP, CPI and the GDP Deflator, as well as the unemployment rate.

**Markets—** Students will be introduced to supply and demand using a market trading game in Unit 1, and by using a game designed to teach the circular flow model in Unit 2.

**Macroeconomic Models—** The idea of a macroeconomic model of the economy is introduced using the basic production possibilities curve in Unit 1. Students will then build on their understanding by creating more complex models such as the Aggregate Demand—Aggregate Supply model in Unit 3. Finally, the Phillips curve model is discussed in Unit 5. CR2

**Macroeconomic Policies—** Students will learn about macroeconomic policy options and their implementation in Units 3–5 through a number of activities. These include:

Government spending/taxing necessary to alleviate an output gap using the appropriate multiplier in Unit 3.

Appropriate monetary policy based on current economic conditions in Unit 4.

Students review different policy options and decide on long-term consequences for each in Unit 5.

**Course Supplies:**

▪ CHROMEBOOK ▪ Pencils or Pens ▪ Notebook

Note: The vast majority of coursework will be completed online using Google Classroom. A day without your laptop or THE CHARGER should be considered a lost day.

Textbook (Provided): Krugman's Economics for AP®

Textbook by David R. Anderson and Margaret Ray

**Classroom Rules:**

▪ Arrive at class on time and be in your assigned seat when the bell rings.

▪ Be prepared to class with all your supplies and assignments. (Sharpen Your Pencils Before the Bell)

▪ Respect others and their property. (Clean Up After Yourself & Put Away Textbooks)

▪ Wait until the teacher dismisses you. The bell does not dismiss you.

▪ Raise your hand or wait politely to speak, if others are speaking.

**Classroom Procedures:**

▪ Class resources can be accessed off the course’s Google Classroom page. The Class Twitter, Remind, and important class announcements and due dates will all be displayed and available on Google Classroom.

▪ All chapter assignments (vocabulary, activities, handouts, etc.) are due the day after we finish the chapter. [Example: If we finish the notes for Chapter One on Thursday, anything we did for that chapter is due Friday at the latest.]

▪ Assignments can be turned in on paper in class by the end of the school day or online via Google Classroom by 11:59 p.m. on the due date.

▪ Teacher permission and a hall pass are **required** to leave the classroom.

**Contact Information:**

Tutorials, conferences, and office hours are available after school or by appointment. Prior arrangements or appointments are preferred.

**Direct Extension:** (956) 580-5300 ext. 1421

**Course Grading Policy:**

The grading scale for the course is as follows:

| **Class Assignment Grade Weighs** | |
| --- | --- |
| **Daily Assignments**: *Handouts, Vocabulary, Study Island, Activities, Homework, Etc.* | **40 %** |
| **Tests, Essays, Projects, Notebook Checks** | **60 %** |
| **Course Total:** | **100 %** |

| **Grade Scale** | |
| --- | --- |
| **A** | **100-90** |
| **B** | **89-80** |
| **C** | **79-70** |
| **D** | **69-60** |
| **F** | **59-0** |

**The following district policies apply to retesting and redoing an assignment:**

▪ *“All students will be given up to three additional school days to redo a* ***FAILING MAJOR ASSIGNMENT,*** *but the grade will be no higher than a 70. The teacher has the option of assigning an alternative major assignment and may require additional tutoring, assignments, etc., as appropriate. The teacher will indicate in the gradebook that the assignment was redone.* ***This provision does NOT apply to Pre-AP, Dual Enrollment (taught by Sharyland ISD teachers), or AP students.****”*

▪ *“All students will be given three additional days ( two days for Pre-AP, AP, and DE taught by SISD teachers) to make up* ***LATE MAJOR ASSIGNMENT*** *and may be required additional tutoring, assignments, etc., as appropriate (with a progressive grade penalty of 10 points per day, 15 points per day for Pre-AP/AP/Dual Enrollment, taught by Sharyland ISD teachers).* ***Pre-AP/AP/Dual Enrollment (taught by Sharyland ISD teachers) students will NOT be allowed to submit late minor work****.”*

**Attendance/Make-Up Work:**

Daily class attendance is vital to ensuring class success. The following district guidelines apply for make-up work when a student is absent:

▪ *“Students with an* ***EXCUSED ABSENCE*** *from school (including off-campus suspension) will have the opportunity to make up missed work at the rate of one day for one day missed, with a maximum of five days. Students will receive a zero for any major or minor assignment not made up within the allotted time.”*

▪ *“Students with an* ***UNEXCUSED ABSENCE*** *may not make up missed work; however, if the unexcused absence is determined to be caused by an extenuating circumstance, makeup work may be allowed. The grade for the makeup work will be no higher than a 70.”*

**Academic Dishonesty:**

Academic integrity is fundamental to the activities and principles of our school. ***“No student shall cheat or copy the work of another. Plagiarism, the use of another person’s original ideas or writings as one’s own without giving credit to the true author, will be considered cheating, and the student will be subject to academic discipline that may include loss of credit for the work in question.”***