

AP® Macroeconomics

Syllabus 4

The AP® Macroeconomics course is designed as an initial college-level course in macroeconomics and as a foundation for possible future study in economics or business. The students' second goal of the course is to prepare for the AP Exam. The examination will take place in May. Passing the exam will result in college credit at almost all colleges and universities. Throughout the course, students will have ample opportunity to improve their writing, speaking, critical thinking, and consensus building skills.

Reading

Summer reading text: Todd Buchholz, *New Ideas from Dead Economists*, New York: Plame, 1999.

Main text: McConnell, Campbell and Stanley Brue. *Economics*, 16th ed., McGraw-Hill/Irwin, 2005.

Unless otherwise indicated, all readings in the assignment sheet will refer to M&B. Homework will be assigned for virtually every day we meet. Assignments include frequent use of charts and graphs. I expect you to have your homework prepared for each lesson. Normally, the homework will be the springboard to the lesson. As such, we will most often begin class meetings with student presentations of the homework assignment. These presentations will be graded, and students will be selected randomly.

COURSE PLAN

Unit I: Basic Economic Concepts (2 weeks) [CR1]

- A. Scarcity and Opportunity Costs
- B. Production Possibilities Model
- C. Comparative Advantage and Trade

Lesson 1: Course introduction: discussion of course goals, requirements, and approach via the syllabus. “quiz” (mc) on summer reading.
Homework: Read and study p. 2. Consider how you want to approach the study of economics. How will you use the book and its ancillaries? Write out three or more things you intend to do in pursuit of economic knowledge.

Lesson 2: Finish the course introduction and discussion of the course requirements; graphs, their meaning, and economic data. [CR9]

CR1—The course provides instruction in basic economic concepts.

CR9—The course teaches students how to generate, interpret, label, and analyze graphs, charts, and data to describe and explain economic concepts.

Homework: Read chapter 1, pp. 3–13. Write out answers to questions 2, 4, 6, 11, and 12, pp. 13 and 14. Optional: Read pp. 15–19 (M&B). Write out answers to questions 1–3, p 20.

Lesson 3: The nature and methods of economics

Homework: Read pp. 22–33. Write out answers to questions 3–6, p. 37.

Lesson 4: Scarcity, factors of production, two types of efficiencies, production possibilities model.

Homework: Reread pp. 22–33 and read pp. 33–37. Write out answers to questions 8–11 and 15–17.

Lesson 5: Opportunity costs, law of increasing opportunity costs, gains from trade, circular flow and economic systems.

Homework: Review Chapter 2. Work on handout about specialization and gains from trade.

Lesson 6: Specialization and trade/gains from trade.

Homework Study for test on Chapters 1 and 2.

Lesson 7: Review and test on Chapters 1 and 2.

Homework: Read and study pp. 39–45. Write out answers to questions 1–3, p. 57.

Lesson 8: Critique test and introduce concept of demand/determinants of demand, changes in demand and changes in quantity demanded.

Homework: Review pp. 39–45. Read pp. 45–52. Write out answers to questions 4, 5, 7, and 8, p. 57.

Lesson 9: Concept of supply, determinants of supply, changes in supply and changes in quantity supplied, market equilibrium, shortages and surpluses.

Homework: Review pp. 39–52. Read pp. 52–55. Write out answers to questions 9–15, pp. 57–58.

Lesson 10: Continue work on supply and demand model

Homework: Read Web Chapter 3, pp. 3w-1 to 3w-11. Write out answers to questions 4, 6, 7 and 8.

Lesson 11: More practice with supply and demand model

Homework: Study for test on supply and demand model (Chapter 3)

Lesson 12: Review and test on supply and demand model.

Homework: Read pp. 356–360. Write out answers to questions 1, 3, 6, and 7, pp. 370–371.

Homework

Review pp. 551–554 to include the “last word”. Write out answers to questions 1, 4, 5, 6, p. 555.

Lesson 13: Interest rates: nominal and real nature and role of profits.
Homework: Read handout on the time value of money, pp. 81–83, last word on pp. 96–97. Review pp. 607–609. Work problems 1–5 on p. 2.23 and 1–3 on p. 2.24

Lesson 14: Time value of money/bonds/interest rates.
Homework: Review readings from last lesson and work on handout.

Lesson 15: Time value of money/ bonds/interest rates (continued).
Homework: Study for test on Chapter 29 and tvm/interest rates/bonds/business investment spending.

Lesson 16: Test on Chapter 29 and tvm/ bonds/business investment spending.
Homework: Read pp. 112–119. Write out answers to questions 2, 3, 5, and first sentence/question of 4.

Unit II: Measurement of Economic Performance (2 weeks) [CR2]

- A. Business Cycle and GDP Measurement
- B. Inflation
- C. Unemployment and Stabilization

Lesson 17: Measuring national output/income [CR3]
Homework: Read pp. 121–128 (that's right—skip pp. 120-121). Write out answers to 5, 6, and 7.

Lesson 18: Real versus nominal gdp/gdp as well being?
Homework: Study for test on Chapter 7.

Lesson 19: Test on Chapter 7
Homework: Read pp. 131–135. Write out answers to question 1–4, p. 151

Lesson 20: Critique test/introduce business cycles (economic growth).
Homework: Read pp. 135–141. Write out answers to questions 5–8, p. 151.

Lesson 21: Unemployment.
Homework: Read pp. 141–150. Write out answers to questions 9–12 and 14.

Lesson 22: Inflation
Homework: Study for test on Chapter 8.

Lesson 23: Test on Chapter 8.

CR2—The course provides instruction in measurements of economic performance.

CR3—The course provides instruction in national income and price determination.

Homework: Read pp. 193–197. Write out answers to questions 1 and 2, p. 208.

Unit III: AD/AS Macroeconomic Model (2 weeks)

[CR3]

- A. Aggregate Demand
- B. Aggregate Supply
- C. Macroeconomic Equilibrium and Adjustments Short and Long Run

CR3—The course provides instruction in national income and price determination.

Lesson 24: Critique test and introduce the aggregate demand/aggregate supply model.

Homework: Read pp. 197–208. Write out answers to questions 3 and 4, pp. 208–9.

Lesson 25: Aggregate supply/macroeconomic equilibrium.

Homework: Review Chapter 11. Read pp. 164–167. Write out answers to questions 5–7, 11 and 12, p. 209; and question 9, p. 169.

Lesson 26: Macroeconomic equilibrium and the spending multiplier.

Homework Review microeconomics and macro thus far

Lesson 27: Econ challenge for points: Micro, macro, and buzzer rounds.

Homework: Review Chapter 11 and pp. 164–167. Work on handout number 1.

Lesson 28: Continued work with ad/as model

Homework: Study for test on Chapter 11 and pp. 164–167.

Lesson 29: Test on Chapter 11 and pp. 164–167.

Homework: Study for mini AP Exam.

Lesson 30: Critique test/student presentation.

Homework: Study for mini AP Exam.

Lesson 31: Student-led review for mini exam.

Homework: Study for mini AP Exam.

Lesson 32: Mini-exam

Homework: Read pp. 214–217. Write out answers to questions 2 and 3, p. 229.

Unit IV: Fiscal Policy (2 weeks) [CR5]

- A. Demand Side Policy
- B. Second Order and International effects
- C. Supply-Side Economics and Growth

CR5—The course provides instruction in inflation, unemployment, and stabilization policies.

Lesson 33: Critique mini exam/introduce fiscal policy.
Homework: Read pp. 217–221. Write out answers to questions 5–9, p. 229.

Lesson 34: Budget deficits/surpluses and built-in stabilizers.
Homework: Read pp. 221–227. Write out answers to questions 10–13, pp. 229–30.

Lesson 35: Crowding out and international impacts of fiscal policy.
Homework: Review Chapter 12. Write out answer to question 15, p. 230 and work on handout.

Lesson 36: Review fiscal policy and domestic/international decision making and backlashes.
Homework: Study for test on Chapter 12. [CR8]

Lesson 37: Test on fiscal policy
Homework: Read pp. 232–235. Write out answers to questions 1 and 2, p. 249.

V: Monetary Policy and the Financial Sector (4 weeks) [CR4]

Money and Banking and Financial Markets

- A. Central Bank and Monetary Policy Tools
- B. Time Value of Money
- C. Second Order and International Effects

Lesson 38: Money and banking, the financial sector.
Homework: Read pp. 236–240. Write out answers to questions 5–7, p. 250.

Lesson 39: Value of money and the demand for money.
Homework: Read pp. 240–249. Write out answers to questions 8, 10–12, p. 250.

Lesson 40: Stocks/bonds/loanable funds, money market, the Federal Reserve system.
Homework Take-home test on Chapter 13.

Lesson 41: Critique test on Chapter 13
Homework: Read pp. 252–260. Write out answers to questions 2–5, p. 266.

Lesson 42: Critique test and introduce money creation by a single bank

CR8—The course promotes the understanding of aggregate economic activity; the utilization of resources within and across countries; and the critical evaluation of determinants of economic progress and economic decisions made by policymakers.

CR4—The course provides instruction in the financial sector.

Homework: Review pp. 252–260. Write out answers to questions 6–12 (no new reading), pp 266–267.

Lesson 43: Continue work with money creation by a single bank.
Homework: Review pp. 253–260 and read pp. 260–266. Write out answers to questions 13–15, p. 267.

Lesson 44: Money creation by the banking system as a whole (student presentations: deposit multiplier).
Homework: Review Chapter 14, work on handout.

Lesson 45: Continue work with money creation by the banking system as a whole.
Homework: Study for test on Chapters 13 and 14.

Lesson 46: Test on money creation.
Homework: Read pp. 268–275. Write out answers to question 1, p. 268

Lesson 47: Critique test and introduce monetary policy.
Homework: Read pp. 275–281. Write out answers to questions 2–4, pp. 288–9.

Lesson 48: Cause and effect chain of monetary policy.
Homework: Review macroeconomics for economic challenge (for points on next mini-exam).

Lesson 49: Economic challenge (for points on next mini-exam).
Homework: Read pp. 281–288. Write out answers to questions 5–8, p. 289.

Lesson 50: Effectiveness of monetary policy, good for fighting recessions? International second order effects.
Homework: Study for mini-exam on fiscal and monetary policy—Chapters 12–15 and pp. 164–167.

Lesson 51: Student-led review for mini-exam on fiscal and monetary policy—Chapters 12–15 and pp. 164–167.
Homework: Study for mini-exam on fiscal and monetary policy—Chapters 12–15 and pp. 164–167.

Lesson 52: Mini-exam on fiscal and monetary policy—Chapters 12–15 and pp. 164–167.
Homework: Read and study pp. 690–697. Write out answers to questions 1–3, p 709.

Unit VI: International Economics (2 weeks) [CR7]

- A. Balance of Payments Accounts
- B. Foreign Exchange Markets
- C. Net Exports and Capital Flows

CR7—The course provides instruction in the open economy (international trade and finance).

Lesson 53: Basics of international trade: comparative advantage.

Homework:

Read and study pp. 697–703. Write out answers to questions 4, 5 and 8.

Do not fret too much about the trade models at figures 37.3–37.5.

Lesson 54: Trade barriers, utilization of resources [CR8]

Homework: Study for quiz (70 points) on international trade material covered thus far.

CR8—The course promotes the understanding of aggregate economic activity; the utilization of resources within and across countries; and the critical evaluation of determinants of economic progress and economic decisions made by policymakers.

Lesson 55: Quiz on international trade (30 multiple choice and one free-response problem (70 points).

Homework: Work on handout.

Lesson 56: Critique quiz and handout.

Homework: Review pp. 690–703. Read and study pp. 703–708. Write out answers to questions 9 (a&b), 10, and 11.

Lesson 57: The case for protection and the WTO.

Homework: Read pp. 711–719. Write out answers to questions 2–4, p. 730.

Lesson 58: Exchange rates and the balance of payments.

Homework: Read pages 719–728. Write out answers to questions 6, 7, 10, and 11, pp. 730–731.

Lesson 59: Wrap-up on international economics.

Homework: Study for test on international trade/exchange rates—Chapter 37 plus pp. 711–719).

Lesson 60: Test on international trade/exchange rates—Chapter 37 plus pp. 711-719.

CR6—The course provides instruction in economic growth and productivity.

Unit VII: Key Macroeconomic Issues (2 weeks)

- A. Inflation/Unemployment and the Phillips Curve
- B. Growth and Productivity
- C. Monetarists' Views
- D. Rational Expectations Theory [CR6] [CR8]

CR8—The course promotes the understanding of aggregate economic activity; the utilization of resources within and across countries; and the critical evaluation of determinants of economic progress and economic decisions made by policymakers.

Lesson 61: Critique test on international trade/exchange rates—Chapter 37 plus pp. 711-719.

Homework: Read pp. 292–301. Write out answers to questions 3–5, pp. 306–307.

Lesson 62: Macro short run/long run and the Phillips Curve.
Homework: Read pp. 301–306. Write out answers to questions 6–10, p. 307.

Lesson 63: The Laffer Curve and a revisit of supply-side economics.
Homework: Read pp. 308–322. Write out answers to questions 4–6, p. 324.

Lesson 64: Revisit economic growth and productivity.
Homework: Study for test on Chapters 16 and 17.

Lesson 65: Test on Chapters 16 and 17.
Homework: Read pp. 338–344. Write out answers to questions 1–4, p. 352.

Lesson 66: Critique test. Revisit monetarism.
Homework: Read pp. 344–352. Write out answers to questions 6–8.

Lesson 67: Final on monetarism and rational expectations theory (ret).
Homework: Study for mini-exam on Chapters 16, 17, 37, and 38. Write out one question for review on Monday.

Lesson 68: Teacher-led review for mini-exam.
Homework: Study for mini-exam on chapters 16, 17, 37, and 38.

Mini exam on chapters 16, 17, 37, and 38.
Homework: Relax

Unit VII: Review (2 weeks)

Lesson 69: Critique mini-exam.
Homework: Prepare oral reports and review for macroeconomic final exam.

Lesson 70: Review for AP Economics Exam. Student oral reports.

Lesson 71: Student oral reports.
Homework: Review for AP Economics Exam.

Lesson 72: Practice multiple-choice portion of macroeconomics final exam.
Homework: Review for AP Economics Exam.

Lesson 73: Practice free-response portion of macroeconomics final exam.

Homework: Prepare oral reports as necessary.

Lesson 74: Critique macroeconomics exam/ student oral reports

Homework: Prepare oral reports as necessary.

Lesson 74: Critique macro economics exam/student oral reports

Homework: Prepare oral reports as necessary. Review for AP Economics Exam.