

# AP MACROECONOMICS

## Semester 1

This course is designed as an initial college-level course in macroeconomics and prepares the students for the AP exam in May. In addition students will develop an economic way of thinking; examined the choices made by countries, governments, non-governmental organizations and markets and analyze their effects on the global economy.

- The students will learn and master basic economic concepts, vocabulary and theories.
- Express themselves in written research papers, text answers, variety of graphs and mathematic models, current events, simulations and group assignments.
- Learn statically measurements used to measure economic growth and well being, Including creating and interpreting graphs and charts.
- Understand the global connections of economics choices made by the nations of the world.
- Become familiar with research sources from libraries and the Internet to obtained primary source data to describe and explain economic concepts.

**MAIN TEXT:** Robin Bade and Michael Parkin. *Foundations of Economics AP Edition*. Pearson Education, Inc. 2007

**WORKBOOK:** Robin Bade, Michael Parkin, Margaret Pride, Sandra Wright and Mark Rush. *AP Test Prep Series*. Pearson Education, Inc. 2007

**SUPPLEMENTARY WORKBOOK:** Jody Hoff. *The International Economic Summit Players Guide*. The Idaho Council on Economics Education. 2003

Homework will be assigned for all text readings on a daily basis. These will include answers to questions; interpretation/construction of charts and graphs and analyzation of statistical data. Homework will be prepared for the following days class, with student presentations of the assignment. Sectional quizzes and chapter test will be given before moving to the next section/chapter. *In addition use of the AP workbook and unit “checkpoints” with self-administered practice test will be completed daily.* Once a month, students will prepare a current event on a subject selected by the instructor and presented it to the class. Major project for the semester is the International Trade Summit, presented by the Federal Reserve and sponsored by USC. The regional summit

will be held at USC, where some 40 other high schools teams will represent over 120 countries in competition to improve their standard of living, by trading with other nations of the world.

## **COURSE OUTLINE**

### Part 1 Basis Economic Concepts

**Week 1** Course introduction: course goals, requirements, syllabus, and Economics, a study of choices. Signed expectations for parents. Introduction and explanation of International Trade Summit. Discuss CPI survey, hand out form for survey. Due in two weeks.

**Week 2** Chapter 1: scarcity, self-interest, 3 basic questions, and incentives, Adam Smith; production possibilities curve, choice, opportunity costs  
Chapter 2: factors of production; circular flow model; introduction to global economy: International trade summit group and country assignments. Player's guides distributed. Learning objectives for project. (Note that that the first 3 weeks introduction to economics will cover basis micro concepts).

**Week 3** Chapter 3: Efficiency, tradeoffs, marginal benefits and costs (in-class Demonstration.); introduction to specialization and trade, comparative and absolute advantage. One day in computer lab to research country assignment. Review statistical data collected, compare and contrast by country; Outline for a 7 page research paper on your country. Collect CPI surveys.

**Week 4** Chapter 4: Law of demand, demand schedules and curves; Law of supply; supply schedules and curves; aggregate demand and supply. Scarcity and value in-class simulation. Current event on assigned country. Discussion of 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> world designation. Players Guide workbook.

### Part 2 Measurement of Economic performances

**Week 5** Chapter 20: GDP and GNP; Real GDP-Nominal GDP; creating GDP equations; standard of living; Per capita GDP; Political freedom and life expectancy. Discussion of rules of the Economic Summit; export categories. Players guide countries comparative advantage exercise and

HDI-EFI matrix. Current event on assigned country

**Week 6-7** Chapter 21: Population; labor market indicators; unemployment rate; Types of unemployment. Chapter 23 GDP, classical and Keynesian; diminishing returns; demand and supply of labor; productivity. End of 1<sup>st</sup> grading period. Country research papers due. Players guide Strategic planning assessment and objectives. Export coupons of countries matrix in the Players Guide.

### Part 3 Incomes and Price Determination

**Week 8** Chapter 25: Economic growth; calculating growth; calculating growth rates; theories of economic growth; classical and neoclassical; conditions of growth; property rights; market freedoms; trade; education. Economic Summit trade issues development for your country. Debate guide lines and voting on top 10 trades issues. — - \_\_\_\_\_

### Part 4 International Trade and Finance

**Week 9** Chapter 34: Exports and imports; trade alliances; comparative advantage; outsourcing; terms of trade; traffis; quotas; protectionism; dumping; infant-industry; rent seekers; balance of payment; WTO; free trade issues. Players guide strategic planning, tactics to be used at the summit. countries import list due. Shortage/surplus calculation. Value of your countries resource coupons. Revise import list due.

Sample strategic plan form. Trade alliances: What do you have that other countries want? What countries have that you need? Vote top 10 trade issues for mini-summit debates. Trade issues submitted to USC.

**Week 10** Chapter 35: Balance of payments accounts; debtor nations; foreign exchange rates; currency depreciation; purchasing power parity; monetary policy and exchange rates; calculating current account; capital account. Players Guide: country exchange rate with dollars; contrast and compare central banks. Summit; table displays (maps, flags, etc.) Countries flag quiz.

## Part 5 Financial Sectors

**Week 11** Chapter 26: Money; credit; measurement of money supply; monetary system; Federal Reserve System; decentralization regional system vs. one central bank; tools of central bank; interest rates; money markets; supply and demand for money; compare and contrast of countries central bank. **Mini-Summit All day in MPR.** Top scoring team goes to USC Regional Summit, next 20 slots chosen by total points score on research paper, Players Guide and mini-summit team score.

**Week 12** Chapter 27: banking; how banks create money; check clearing; open Market operations; Feds buying and selling of securities; multiplier effect. Current event: Financial markets. Regional Economic Trade Summit Participants meet after school next two weeks: country assignments, research, table display, and fund raisers for bus. Submit strategic plan via e-mail and import list to USC. End of second grading period.

**Week 13** Chapter 28: Money economy; demand for money; supply of money; Interest rates; nominal interest rates; quantity theory of money; velocity of Circulation; inflation; hyperinflation; tax costs. ***Summit team final prep, Regional***

***International Trade Summit at USC Thursday*** of week. Debrief on Friday.

Students

not attending summit will submit a current event and present on Thursday.

**Week 14-15** Chapter 24: Investment and saving; physical and financial capital; Stocks; bonds; and the Ricardo-Barro effect, changes in saving and investment Chapter 29 Business cycle; history of cycle; aggregate supply; aggregate demand Real interest rates; fiscal and monetary policy, the worlds economy. Individual stock project packets. Purchase stocks & mutual funds and track them for 6 weeks. One day in computer lab.

## Part 6 Economic Fluctuations

**Week 16** Chapter 30 Aggregate expenditures; real GDP; Say's Law; the multiplier and equilibrium. Chapter 31 Fiscal and monetary policy; federal budget process; supply-side and demand-side; monetary policy process; interest rate; FOMC and inflation. Current event on monetary policy.

**Week 17** Chapter 32 Short run policy; tradeoffs; Phillips curve; unemployment; inflation; Fed policy influence and long run. Chapter 33 Fiscal and monetary policy debates; which is better?; conflicts; time lags; Keynesian vs. Monetarism

**Week 18** Chapter 22 CPI survey; measuring inflation; nominal and real wages; nominal And real interest rates and cost of living. Students return with their CPI surveys of local community prices started in September comparing December/January prices. Compute change and % inflated/deflated. Review for final.

**Week 19** Final's week. Review out of *AP Test Prep Series* workbook. Review and take practice macroeconomic tests, review vocabulary, theories, graphs and charts. End of the semester.

#### IN CLASS RESOURCES

- Monthly edition of the Wall Street Journal Classroom Edition.
- The Economist Magazine
- Time Magazine
- The Los Angeles Times Newspaper
- MSNBC and other cable news/financial networks
- *Economics USA*. Video Series. Produced by Educational Film Center. 2002

#### SCHOOL RESOURCES

- Library with an extensive resource section, with primary resources, periodicals and computers with Internet connection.
- Two computer labs with 34 student computers with Internet connection.

#### OUTSIDE RESOURCES

- Darcy Horak, Community Relations & Education. The Federal Reserve Bank of San Francisco.

- Dr. Jim Charkins. California Council on Economic Education-California State University San Bernardino.
- Dr. Pamela Starr. Center for Active Learning in International Studies. University of Southern California.

## AP MICROECONOMICS

### Semester 2

This course is designed as an initial college-level course in microeconomics and prepares the student for the AP Exam in May. In addition students will explore the role of individual players decision as producers and consumers and the effects these have on the economy. They will gain in-depth understanding and knowledge as individual business owners during the semester.

- Students will learn and master basic economic concepts, vocabulary and theories of microeconomics.
- Emphasis will be placed on the functions of product and factors markets.
- The role of government in promoting greater efficiency and equity in the economy. Analyze market failures and the response to these failures.
- Learn statically measurements through the use of charts, graphs and other data.
- Understand the connections of individual choices in the markets.

**MAIN TEXT:** Robin Bade and Michael Parkin. *Foundations of Economics AP Edition*. Pearson Education, Inc. 2007

**WORKBOOK:** Robin Bade, Michael Parkin, Margaret Pride, Sandra Wright and Mark Rush. *AP Test Prep Series*. Pearson Education, Inc. 2007

Homework will be assigned for all text readings on a daily basis. These will include answers to questions from the textbook; interpretation/construction of charts and graphs and analyzation of statistical data. Homework will be prepared for the following days class, with direct instruction and student presentations on the assignments. Sectional

quizzes and chapter test will be given before moving to the next section/chapter. *In addition the use of the AP workbook and unit “checkpoints” with self-administer practice test will be completed daily.* Once a month students will prepare a current event on a subject selected by the instructor and presented to class. Major project for the 2<sup>nd</sup> semester will be a group entrepreneurship project that will be assigned after the AP exam in May.

## **COURSE OUTLINE**

### Part 1 Basis Economic Concepts

**WEEK 1** Course introduction: course goals, requirements, syllabus. Review of Chapters 1,2,3 and 4 to included: scarcity, opportunity costs, circular flow model, benefits of voluntary exchanges, sunk costs, incentives, property rights, specialization, production possibility curve and marginal analysis.

### Part 2 Closer look at Markets

**WEEK 2** Chapter 5: Elasticity of supply and demand. Factors that influence elasticity of demand and supply; and how to calculate the price of elasticity. Chapter 6: Efficiency and Fairness of markets. Allocation of scarce resources, distinguish between value and price, define consumer surplus, distinguish between cost and price, define producer surplus, efficient of allocating scarce resources, alternatives methods of allocating scarce resources and evaluate the fairness of competitive markets.

### Part 3 How Governments Influences the Economy

**WEEK 3** Chapter 7: Price ceilings, price floors, subsidies, illegal markets, effects on world markets. Chapter 8: Taxes, types of taxes, fairness of taxes, trade-offs, efficient and inefficiencies in the tax system. Benefits Principle vs. Ability-to-pay Principle.

**WEEK 4** Chapter 9: Externalities. Negative externalities, inefficiencies, positive externalities, property rights, subsidies, patents and copyrights. Study carbon tax and educational vouchers. Current event due.

**WEEK 5** Chapter 10: Pubic Goods and Common Resources. Distinguish between private goods, public goods and common resources. Free-riders problem (in-depth

discussion on free downloads), marginal benefit and costs, quotas and governmental size.

#### Part 4 Decision Makers

**WEEK 6** Chapter 11: Consumer Choice and Demand. Utility, marginal utility, Diminishing marginal utility, substitution, and consumer equilibrium. Utility in class simulation. End of 1<sup>st</sup> six week grading period.

**WEEK 7** Chapter 12: Production and Cost: Cost of production, profit, total product, Marginal product, budgeting (fixed, variable total costs), economies of scale, specialization and long-runs. Guest speaker on business budgeting.

#### Part 5 Prices, Profits and Performance

**WEEK 8** Chapter 13: Perfect Competition. Other markets types, marginal revenue, short run supply and equilibrium, entry and exit in the market, change in demand and technology. Chapter 14: Monopoly. Barrier to entry, price-setting, rent seeking, price discrimination and patent laws. Current event.

**WEEK 9** Chapter 15: Monopolistic Competition. Product differentiation, entry and exit, product development, brand names, advertising, and selling costs.  
Chapter 16: Oligopoly. Identifying, barriers to entry, interdependence, cartels, collusion, R & D, advertising and the Prisoner's Dilemma game.

**WEEK 10** Chapter 17: Regulation and antitrust law: Economic theory of regulation, regulator process, deregulation, average price pricing rule, oligopoly regulation, anti-Trust laws, mergers, and in-depth look at Microsoft antitrust case.

#### Part 6 How Incomes are Determined

**WEEK 11** Chapter 18: Demand and Supply in Factors Markets: Anatomy of factors markets (land, capital, labor and entrepreneurship), labor, stock and bonds markets, Nonrenewable natural resources and economic rent and opportunity cost.

**WEEK 12** Chapter 19: Inequality and Poverty. Lorenz curve, economic mobility, measurement of poverty, demand for high skilled/low skilled labor, wage rates,

discrimination, income redistribution, welfare, normative theories of income redistribution and taxing policies. Current event due. End of 2<sup>nd</sup> six week grading period.

Review for AP Tests

**WEEK 13** Review of macroeconomics this week for AP testing starting in a week. Samples test questions and review using the *AP Test Prep Series* workbook

**WEEK 14** Review of microeconomics this week of AP testing. AP testing starts this week. Sample test questions using the *AP Test Prep Series* workbook.

**WEEK 15** Review for AP testing this week final week. Entrepreneurship project. Students choose groups of 2-3 and choose a business to start. Computer lab for demographic and market data. Project outline and discussion of resumes construction.

Entrepreneurship Project

**WEEK 16** Entrepreneurship project: Business interviews questions sheets. Start review of outline 7 major sections. Review student resumes. Guest speaker.

**WEEK 17** Entrepreneurship project. Review each group outlines and data collection. Discussion of oral presentations. Written business plans due at end of week.

**WEEK 18** Oral presentations of business plan. Review for final. Senior finals. Last day of classes for seniors. End of 2<sup>nd</sup> semester.

#### IN CLASS RESOURCES

- Monthly edition of the Wall Street Journal Classroom Edition
- The Economist Magazine
- Time Magazine
- The Los Angeles Times Newspaper
- MSNBC and other cable news/financial networks
- *Economics USA*. Video series. Produced by Educational Film Center 2002

-

## SCHOOL RESOURCES

- Library with an extensive resources section, with primary resources, periodicals and computers with Internet access.
- Two computer labs with 34 computers with Internet access.

## OUTSIDE RESOURCES

- Dr. Jim Charkins. California Council in Economic Education. California State University, San Bernardino.
- Guest speakers from banking, business, governmental agencies and other institutions of higher learning.