

Advanced Placement/Dual Macroeconomics

Instructor: Mrs. Lisa Lane

Room 205

Conference: 7th period @ 2:38-3:32

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Course objective

* To give students a thorough understanding of the principles that apply to an economic system as a whole, including basic concepts, measures of performance, national income and price determination, the financial sector, stabilization policies, economic growth, and international economies.

* To prepare students to pass the AP Exam to be given in May, resulting in the student receiving both high school and college credit for the course.

Pre-requisite Skills

Read above grade level, use graphs, tables, and math to analyze complex data and concepts, take notes, and organize time and discipline self.

Study Requirements

Read up to two chapters per week, prepare reading notes for quizzes, and study for tests and essays.

Resources

Text – Arnold, Roger A. Economics, 9th ed. South-Western, Cengage Learning, 2008.

Grading

Test Grades

Projects

Exams

Stock Market Game (counts twice)

Daily Grades

Current Events

Vocabulary Tests

Assigned Reading Quizzes

Timed Writings

Practices

Test grades = 60%; daily grades = 40%.

Class Activities

Assigned Readings: These are designed to help you prepare for the AP Exam.

Assigned Readings Quizzes: These are short quizzes designed to test your reading of the text.

Practices: Worksheets, outlines, and other assignments that reinforce what is covered in class.

Timed Writings: 12-minute tests designed to improve free response question skills for the AP Test.

Exams: Multiple choice tests using AP format questions along with Document Based Questions over selected materials from the units we are studying.

Vocabulary Tests: Students are assigned vocabulary words throughout the six weeks. Tests will be administered at various times during the six weeks.

Projects: These are research assignments designed to extend thinking levels on concepts covered in class. Creativity is essential for success on these assignments.

Making Fun of Economics: A picture you create that illustrates an alternative interpretation of an economic concept (similar to a political cartoon). It must be a full page and colored.

Stock Market Game: Introduce concept at beginning of semester. Student is responsible for maintaining updated information throughout the course. Grade based upon completion of packet, stock monitoring, and summary reports.

Late work

Simply put, no late work is accepted; however, discretion of teacher will apply.

Make-up work

You have the number of days that you missed + 1 to turn in your make-up work. It is your responsibility to obtain that make-up work.

Extra-Curricular Absences

It is the student's responsibility to ask the teacher for work that will be missed **BEFORE** absences for extra-curricular events. The student must have all work complete upon his or her return and must be prepared to take any scheduled test or quiz.

Graded Work Folders

Students will keep all graded work in a folder that will remain in the classroom. No other materials should be stored in this folder; it is for graded papers only. Parents wishing to see their child's work may schedule an appointment with the teacher.

Progress Reports/Report Cards

Progress reports will be given every three week and six weeks. Report cards will be issued every nine weeks.

Classroom Rules

- Be in the classroom when the tardy bell rings.
- Bring assignments and supplies to class every day.
- Respect the rights and property of others.
- Use appropriate language and behavior at all times.
- Follow the guidelines as outlined in student handbook:
 - Compliance with the dress code is mandatory.
 - Cell phones are to be out of sight unless otherwise instructed by the teacher. Phones taken to the office are assessed a \$15 fee.

Consequences

- 1st Offense: Verbal warning – the warning will be documented.
- 2nd Offense: Documented
- 3rd Offense: Office referral

Class Supplies

- Spiral or notebook paper
- 1 folder with 2 inside pockets
- Colored and/or white index cards (your choice)
- Blue or black pen
- Pen notes – color of your choice
- Pencils

Please sign and return this form to the Mrs. Lane

I have read and understand the Macroeconomics course overview. I understand what is expected of me both academically and behaviorally. I will abide by these requirements and rely on self-motivation to succeed in this class. If at any time I have a concern or fall behind in this class, I will discuss it with my teacher immediately.

Student's signature

Date

I have read and understand the Macroeconomics course overview. I understand what is expected of my student both academically and behaviorally. I will contact the teacher if at any time I have a concern or my child falls behind in this class.

Parent's signature

Date

Email

Phone

Course Outline

I. Basic Economic Concepts (8-12%)

- A. Scarcity: The Nature of Economic Systems
 - 1. Scarcity and choice
 - a. rational behavior
 - b. marginalism: benefits and costs
 - 2. The foundation of economics
 - a. unlimited wants
 - b. scarce resources
 - 3. Economics: Production Possibilities Frontier, employment, efficiency and growth
 - a. full employment using available resources
 - b. full production, using resources efficiently
- B. Opportunity Costs and Production Possibilities
 - 1. Law of increasing opportunity costs
 - 2. Allocative efficiency
- C. Specialization, Comparative Advantage and Exchange
- D. The Functions of any Economic System
 - 1. The circular flow model
 - 2. The market system at work
- E. Demand, Supply, and Price Determination
 - 1. Law of demand
 - a. the demand curve
 - b. individual and market demand
 - c. determinants of demand
 - 2. Law of supply
 - a. the supply curve
 - b. determinants of supply
 - 3. Supply and demand: market equilibrium
 - a. surpluses
 - b. shortages
 - c. equilibrium, rationing functions of prices
 - d. changes in supply and demand
 - e. the resource market
- F. Pure Capitalism and the Market System
 - 1. Capitalistic ideology
 - a. private property
 - b. freedom of enterprise and choice
 - c. role of self-interest
 - d. competition
 - e. markets and prices
 - f. limited government

2. The competitive market system

G. The Market Economy: Private and Public Sectors

1. Households as income receivers
2. The business population
3. Economic functions of government
4. Government finances
 - a. government growth: purchases and transfers
 - b. federal finance

II. Measurement of Economic Performance (12-16%)

A. National Income Accounts

1. Expenditure approach to GDP (Components of GDP)
2. Income approach to GDP
3. Other social accounts
 - a. net domestic product
 - b. national income
 - c. personal income
 - d. disposable income
 - e. circular flow revisited
4. Computing a GDP price index
 - a. nominal and real GDP
 - b. inflating and deflating GDP

B. Inflation Measurement and Adjustment

1. Measuring price level
 - a. implicit GDP price deflator
 - b. consumer price index and producer price index
2. Redistributive effect of inflation
 - a. fixed-nominal-income receivers
 - b. savers, debtors, and creditors
 - c. anticipated inflation

C. Unemployment

1. The business cycle
 - a. the historical record
 - b. phases of the cycle
 - c. causation
2. Types of unemployment
 - a. defining “full employment,” natural rate of unemployment
 - b. measuring unemployment
 - c. economic cost of unemployment
 - d. noneconomic costs
 - e. international comparisons

III. National Income and Price Determination (10-15%)

A. Aggregate Demand

1. Circular flow
2. Changed in equilibrium GDP and the multiplier
 - a. deriving the aggregate demand curve from the aggregate expenditures model
 - b. determinants of aggregate demand
 1. international trade and equilibrium output
 2. personal consumption
 3. investment
 4. government
 - c. aggregate demand shifts and the aggregate expenditure model

B. Aggregate Supply

1. Classical analysis (flexible prices)
2. Keynesian analysis, Aggregate expenditures model
3. Rational expectations
 - a. natural rate hypothesis
 - b. rational expectations theory
4. Aggregate supply curve and determinants of aggregate supply
 - a. long run aggregate supply
 - b. short run aggregate supply (nominal wage inflexibility)

C. Macroequilibrium

1. short run (actual output)
2. long run (potential output at full employment)
3. Economic fluctuations and adjustments to full employment

IV. Financial Sector (15-20%)

A. Money and Banking and Financial Markets

1. Definition of money and its creation
 - a. functions of money
 - b. what backs the money supply
 1. money as debt
 2. value of money (present and future value)
 3. money and prices
 4. measures of the money supply
 - c. maintaining money's value
2. the United States financial system, financial assets
3. money market (money demand and supply and nominal interest rates)

- f. bond market
 - g. loanable funds market (real interest rates)
 - h. stock markets and other personal investments
- 2. How banks create money
 - a. the banking system, multiple deposit expansion
 - b. the banking system's lending potential, the money multiplier
- 3. Central Bank and control of the money supply
 - a. goals of monetary policy
 - b. tools of monetary policy
 - 1. open-market operations
 - 2. the reserve ratio
 - 3. the discount rate
 - c. easy money and tight money
 - d. monetary policy, real GDP and the price level
 - e. monetary policy and aggregate supply
 - f. strengths of monetary policy and the shortcomings and problems
- 4. Quantity theory of money
 - a. $MV=PQ$
 - b. Monetarism

V. Inflation, Unemployment and Stabilization Policies (20-30%)

A. Fiscal and Monetary Policies

- 1. Interaction of fiscal and monetary policies
- 2. Monetarist-Keynesian controversy
- 3. Fiscal policy demand side
 - a. discretionary fiscal policy
 - b. financing deficits and disposing of surpluses
 - c. policy options: government spending or taxation?
 - d. non-discretionary fiscal policy: built-in stabilizers
 - e. supply side fiscal policy
- 4. Budget deficits and the public debt
 - a. deficits and debt definitions
 - b. annually balanced budget
 - c. cyclically balanced budget
 - d. functional finance
 - e. the public debt, facts and figures
 - 1. causes-quantitative aspects
 - 2. economic implications, shifting burdens
 - f. implications and issues
 - 1. income distribution
 - 2. incentives

- 3. external debt
 - 4. curb on fiscal policy
 - 5. crowding out and stock of capital
- g. recent federal deficits
 - 1. budget deficits and trade deficits
 - 2. higher interest rates
 - 3. dollar appreciation
- B. Inflation and Unemployment
 - 1. Demand pull inflation
 - 2. Cost push inflation and unemployment
 - 3. Phillips Curve (short run and long run)
 - 4. Role of expectations

VI. Economic Growth and Productivity (5-10%)

- A. Growth Economies
 - 1. Growth as a goal
 - 2. Arithmetic of growth
 - 3. Ingredients of growth
- B. United States Growth
 - 1. Accounting for growth
 - 2. Inputs versus productivity
 - 3. Quantity of labor
 - 4. Technological advance
 - 5. Quantity of capital (investing in physical capital)
 - 6. Education and training (investing in human capital)
 - 7. Resource economics and scale economies
 - 8. Research and development
- C. Growth Policies
- D. Aggregate Demand, Instability and Growth

VII. Open Economy: International Trade and Finance (10-15%)

- A. Balance of Payments, International Finance, and Exchange Rates
 - 1. The economic basis for trade
 - a. comparative advantage: graphical analysis
 - b. terms of trade
 - c. gains from trade