

**Advanced Placement
ECONOMICS SYLLABUS**

<u>Instructor:</u>	Mr. Frank Social Studies Dept. Room: 635
<u>Course:</u>	AP Macroeconomics AP Microeconomics
<u>Contact Info:</u>	e-mail: frankd@stjohns.k12.fl.us
<u>Planning Period:</u>	7th
<u>Text:</u>	Krugman's Economics for AP*, Anderson and Ray, Worth Publishers 2 nd Edt.
<u>Materials Needed:</u>	Organization binder for notes and handouts Traditional calculator. No phones or graphing calculators.

Quarter Grades: will be based on:

- **75% Summative Assessments (80%)**
 - Unit tests (x4)
 - Projects (x4)
 - Reading Tests (x4)
 - Vocabulary Tests (x1)
- **25% Formative Assessments**
 - Reading / Note Checks (x1)
 - Quizzes (x1)
 - In-class or group assignments (x1)
 - Homework assignments (x1)

Focus on Ethics

Classroom ethics include an expectation of the following:

- Honest individual work with an emphasis on the academic honor code
- Student participation and attention
- An exemplary work ethic (all student work must be of quality effort)
- Assignment Completion
- Organization
- Proper dress
- Promptness
- Respectfulness

Academic Honesty Policy:

Cheating will result in a zero for that assignment/test/quiz and will be prosecuted to the fullest extent of the law.

Make-up Policy:

Absences on test days, due to an **excused Bartram Trail event**, will be allowed to be made up by creating an alternate time to take the test. The onus for creating that alternate time is the student's.

For an **excused non-Bartram Trail event** absence, points can be made up via a few options; the selection of which belongs to the teacher. Examples include computer based re-tests, projects and research papers.

The St. Johns Co. Schools Student Code of Conduct outlines the procedures and point values available for **unexcused** absences.

*Bartram Trail events include school sponsored events; i.e. field trips, athletics, etc.

Class Expectations and Procedures:

1. Present yourself as an advanced student.
2. Book, Binder, Brain; bring them to class every day.
3. If it's not economics, it's not on your desk.
4. No food or drink.
5. If the hall pass is available, you may use it. You do not need to ask.
6. Keeping all your work in an organized fashion is mandated.
7. You may NEVER answer a question with, "I don't know."

Cell Phones

Testing Procedures

AP MACROECONOMICS EXAMINATION CONTENT SPECIFICATIONS

I. Basic Economic Concepts

- A. Scarcity, choice, and opportunity costs
- B. Production possibilities curve
- C. Comparative advantage, specialization, and exchange
- D. Demand, supply, and market equilibrium
- E. Macroeconomic issues: business cycle, unemployment, inflation, growth

II. Measurement of Economic Performance

- A. National income accounts
 - 1. Circular flow
 - 2. Gross domestic product
 - 3. Components of gross domestic product
 - 4. Real versus nominal gross domestic product
- 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

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 versus flexible wages and prices
 - 3. Determinants of aggregate supply
- C. Macroeconomic equilibrium
 - 1. Real output and price level
 - 2. Short and long run
 - 3. Actual versus full-employment output
 - 4. Economic fluctuations

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. Measures of money supply
 - 4. Banks and creation of money

- 5. Money demand (M-12%)
- 6. Money market and the equilibrium interest rate
- 7. Loanable funds market
- B. Loanable funds market
 - 1. Supply and demand for loanable funds
 - 2. Equilibrium real interest rate
 - 3. Crowding out
- C. Central bank and the money supply (12-16%)
 - 1. Tools of central bank policy
 - 2. Quantity theory of money
 - 3. Real versus nominal interest rates

V. Stabilization Policies (20-30%)

- A. Fiscal and monetary policies
 - 1. Demand-side effects
 - 2. Supply-side effects
 - 3. Policy mix
 - 4. Government deficits and debt
- B. The Phillips curve
 - 1. Short-run and long-run Phillips curves
 - 2. Demand-pull inflation versus cost-push inflation
 - 3. Role of expectations

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

- A. Definition of economic growth
- B. Determinants of economic growth
 - 1. Investment in human capital
 - 2. Investment in physical capital
 - 3. Research and development, and technological progress
- C. Growth policy

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

- A. Balance of payments accounts
 - 1. Balance of trade
 - 2. Current account
 - 3. Financial account (formerly known as capital account)
- B. Foreign exchange market
 - 1. Demand for and supply of foreign exchange
 - 2. Exchange rate determination
 - 3. Currency appreciation and depreciation
- C. Imports, exports and financial capital flows
- D. Relationships between international and domestic financial and goods markets

AP MICROECONOMICS EXAMINATION CONTENT SPECIFICATIONS

I. Basic Economic Concepts (8-14%)

- A. Scarcity, choice, and opportunity cost
- B. Production possibilities curve
- C. Comparative advantage, specialization, and trade
- D. Economic systems
- E. Property rights and the role of incentives
- F. Marginal analysis

II. The Nature and Functions of Product Markets (50-70%)

- A. Supply and demand (15-20%)
 - 1. Market equilibrium
 - 2. Determinants of supply and demand
 - 3. Price and quantity controls
 - 4. Elasticity
 - a. Price, income, and cross-price elasticities of demand
 - b. Price elasticity of supply
 - 5. Consumer surplus, producer surplus, and market efficiency
 - 6. Tax incidence and deadweight loss
- B. Theory of consumer choice (5-10%)
 - 1. Total utility and marginal utility
 - 2. Utility maximization: equalizing marginal utility per dollar
 - 3. Individual and market demand curves
 - 4. Income and substitution effects
- C. Profit, production, and costs (10-15%)
 - 1. Profit and Profit maximization
 - 2. Production functions
 - 3. Short-run costs
 - 4. Long-run costs and scale
 - 5. Cost minimizing input combination
- D. Firm Behavior and Market Structure (25-35%)
 - 1. Profit:
 - a. Accounting versus economic profits
 - b. Normal profit
 - c. Profit maximization: $MR=MC$ rule
 - 2. Perfect competition
 - a. Profit maximization
 - b. Short-run supply and shutdown decision

- c. Firm and market behaviors in short-run and long-run equilibria
- d. Efficiency and perfect competition

3. Monopoly

- a. Sources of market power
- b. Profit maximization
- c. Inefficiency of monopoly
- d. Price discrimination

4. Oligopoly

- a. Interdependence, collusion, and cartels
- b. Game theory and strategic behavior
- c. Dominant strategy
- d. Nash equilibrium

5. Monopolistic competition

- a. Product differentiation and role of advertising
- b. Profit maximization
- c. Short-run and long-run equilibrium
- d. Excess capacity and inefficiency

III. Factor Markets (10-18%)

- A. Derived factor demand
- B. Marginal revenue product
- C. Labor market and firms' hiring of labor
- D. Market distribution of income

IV. Market Failure and the Role of Government (12-18%)

- A. Externalities
 - 1. Marginal social benefit and marginal social cost
 - 2. Positive externalities
 - 3. Negative externalities
 - 4. Remedies
- B. Public goods
 - 1. Public versus private goods
 - 2. Provision of public goods
- C. Public policy to promote competition
 - 1. Antitrust policy
 - 2. Regulation
- D. Income distribution
 - 1. Equity
 - 2. Sources of income inequality

Course Planner

I. Basic Economic Concepts

EQ: What is the study of economics?

Readings: Modules 1, 3, 4, Appendix

- A. Scarcity, choice, and opportunity cost
- B. Property rights and the role of incentives
- C. Economic systems
- D. Production possibilities curve
- E. Comparative advantage, absolute advantage, specialization, and trade
- F. Graphs

II. Consumer Choice, Marginal Analysis, and the Law of Demand

EQ: Why do price and quantity desired have an inverse relationship for a demander?

Readings: Modules 5, 46, 51

- A. Total utility and marginal utility
- B. Income and substitution effects
- C. Utility maximization: equalizing marginal utility per dollar
- D. Individual and market demand curves

III. Production Costs, Marginal Analysis, Profit Maximization, and the Law of Supply

EQ: Why do price and quantity desired have a direct relationship for a supplier?

Readings: Modules 6, 52, 53, 54, 55, 56

- A. Production functions: short and long run
- B. Short Run Analysis
 1. Marginal product and diminishing returns
 2. Cost analysis (MC, ATC, AVC)
 3. Profit
 - a. Accounting versus economic profits
 - b. Normal profit
 - c. Profit maximization: $MR=MC$ rule
- C. Individual and market supply curves
- D. Long-run
 1. Variable inputs and economies of scale
 2. Cost minimizing input combination and productive efficiency

IV. The Nature of Product Markets

EQ: How do markets equilibrate and why should they be allowed to?

Readings: Modules 7, 8, 9, 47, 48, 49, 50

- A. Product Markets
 1. Market equilibrium
 2. Determinants of producer supply and consumer demand
- B. The Gains of Trade: Consumer & producer surplus, and allocative efficiency
- C. Price and quantity controls erode the gains of trade
- D. Slope matters: Elasticity
 1. Price, income, and cross-price elasticities of demand
 2. Price elasticity of supply
- E. Tax incidence and deadweight loss

V. The Nature of Factor Markets

EQ:

Readings: Modules 69, 70, 71, 72, 73

- A. Determinants of producer demand for resources
- B. Marginal revenue product
- C. Hiring decisions in the markets for labor and capital
- D. Market distribution of income

VI. Firm Behavior: Perfect Competition and Monopoly Market Structures

EQ:

Readings: Modules 57, 58, 59, 60, 61, 62, 63

- A. Perfect Competition
 1. Profit maximization and PC firm graph
 2. Short-run supply and shutdown decision
 3. Efficiency and perfect competition
- B. Monopoly
 1. Sources of market power
 2. Profit maximization
 3. Inefficiency of monopoly
 4. Price discrimination
 5. Natural monopoly

VII. Firm Behavior: Oligopoly and Monopolistic Competition

EQ:

Readings: Modules 64, 65, 66, 67, 68

- A. Oligopoly
 1. Interdependence, collusion, and cartels
 2. Game theory and strategic behavior
 3. Dominant strategy
 4. Nash equilibrium
- B. Monopolistic Competition
 1. Product differentiation and role of advertising
 2. Profit maximization
 3. Short-run and long-run equilibrium
 4. Excess capacity and inefficiency

VIII. Market Failure and the Role of Government

EQ:

Readings: Modules 74, 75, 76, 77, 78

- A. Externalities
 1. Marginal social benefit and marginal social cost
 2. Positive externalities
 3. Negative externalities
 4. Remedies
- B. Public goods
 1. Public versus private goods
 2. Provision of public goods
- C. Public policy to promote competition

1. Antitrust policy
 2. Regulation
- D. Income distribution
1. Equity
 2. Sources and measures of income inequality

IX. Macroeconomics Introduction

EQ:

Readings: Module 2, 10, 11, 12, 13, 14, 15, 33, 37, 38

- A. National income accounts
 1. Circular flow
 2. Gross domestic product
 3. Components of gross domestic product
 4. Real versus nominal gross domestic product
- 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

X. The Aggregate Supply and /Aggregate Demand Model

EQ:

Readings: Module 16, 17, 18, 19, 20, 21, 40

- A. Aggregate demand
 1. Determinants of aggregate demand
 2. Multiplier and crowding-out effect
- B. Aggregate supply
 1. Short-run and long-run analyses
 2. Sticky versus flexible wages and prices
 3. Determinants of aggregate supply
- C. Macroeconomic equilibrium
 1. Real output and price level
 2. Short and long run
 3. Actual versus full-employment output
 4. Business cycle and economic fluctuations

XI. The Financial Markets

EQ:

Readings: Module 22, 23, 25, 26, 27, 28, 29

- A. Money, banking, and financial markets
 1. Definition of financial assets: money, stocks, bonds
 2. Time value of money (present and future value)
 3. Measures of money supply
 4. Banks and creation of money
 5. Money demand
 6. Money market and the equilibrium interest rate
- B. Loanable funds market
 1. Supply and demand for loanable funds

2. Equilibrium real interest rate
 3. Crowding out
- C. 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

XII: Stabilization Policies

EQ:

Readings: Module 30, 31, 32, 34, 35, 36

- A. Fiscal and monetary policies
1. Demand-side effects
 2. Supply-side effects
 3. Policy mix
 4. Government deficits and debt
- B. The Phillips curve
1. Short-run and long-run Phillips curve
 2. Demand-pull versus cost-push inflation
 3. Role of expectations

XIII: International Trade and Finance

EQ:

Readings: Module 4, 41, 42, 43, 44, 45

- A. Balance of payments accounts
1. Balance of trade
 2. Current account
 3. Financial account (formerly known as capital account)
- B. Foreign exchange market
1. Demand for and supply of foreign exchange
 2. Exchange rate determination
 3. Currency appreciation and depreciation
- C. Imports, exports and financial capital flows
- D. Relationships between international and domestic financial and goods markets