

# Welcome to AP<sup>®</sup> Macroeconomics<sup>1</sup> class!

Year 12, Fall semester 2021

## Contact info

Instructor: Mr Nick

WeChat:

Office hours:

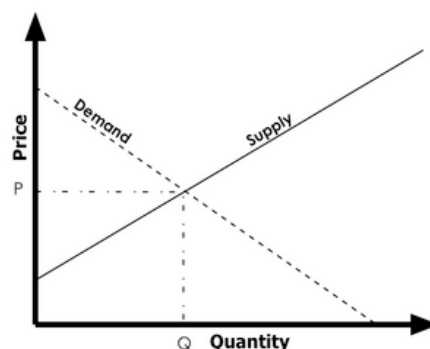
My office:

Class time:

**Monday**

**Friday**

Classroom:



## Textbook

Ray M. & Anderson, D., Krugman's Economics for AP, Fourth edition, Worth Publishers, NY, 2023

## Introduction

Economics is a discipline that can shape how you think and how you see the world. It can be a powerful tool for making better decisions in your personal life, but it can also steer policymakers towards better outcomes. “Better outcomes” can mean less poverty, more jobs, cleaner environment... Each person's choices contribute to their personal welfare as well as that of their community and the society as a whole.

Throughout this course I will be there to give you guidance on your path of learning and exploring Economics. Please note that I did not say “I will teach you” Economics. **You are responsible for your own learning.** I am here to support your learning, and help you see the big picture.

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## Our classroom

The classroom will be a space for inquiry, fresh ideas, debate, mistakes (mine as well as yours), questions, real-life examples... The aim is for us to collaboratively unlock not only the subject knowledge, but also to get used to working in pairs/teams, start taking responsibility for our own growth and learning, learn how to manage conflict, practice our intellectual capacity to understand opposing views and facts... We will go through all of this together, so help others whenever you can. Personal connections you make today can be invaluable to you later.

## Course content

Advanced Placement Microeconomics provides students with a thorough understanding of economic 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 and also develops students' familiarity with economic performance measures, the financial sector, stabilization policies, economic growth, and international economics.

The aim of an Advanced Placement Economics course is to provide students with a learning experience equivalent to that obtained in a typical college/university introductory macroeconomics or microeconomics course. AP Economics is designed to prepare students to take the AP Exams in Macroeconomics and Microeconomics.

Course content with percentage goals of exam content area (multiple-choice section):

- I. Basic Economic Concepts . . . . . (8–12%)**
  - A. Scarcity, choice, and opportunity costs
  - B. Production possibilities curve
  - C. Comparative advantage, absolute advantage, specialization, and exchange
  - D. Macroeconomic issues: business cycle, unemployment, inflation, growth
  - E. Demand, supply, and market equilibrium
- II. Measurement of Economic Performance. . . . . (12–16%)**

- 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. Unemployment
  - 1. Definition and measurement
  - 2. Types of unemployment
  - 3. Natural rate of unemployment
- C. Inflation measurement and adjustment
  - 1. Price indices
  - 2. Nominal and real values
  - 3. Costs of inflation

**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
  - 6. Money market
- B. Loanable funds market
- 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

**V. Inflation, Unemployment, and 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. Inflation and unemployment (The Phillips Curve)
  1. Types of inflation
    - a) Demand-pull inflation
    - b) Cost-push inflation
  2. The Phillips curve: short run versus long run
  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. 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

## Grading and exams

Grade component	% of final grade
Daily effort	40%
Mid-term exam	30%
Final exam	30%

30% of your grade will depend on your continued effort. This will include attendance, participation, homework, pop-quizzes.

60% of the grade is awarded at the mid-term and final exams (30% for each).

Your day-to-day hard work and focus will earn you not only a better grade, but also the respect of others (teachers included), pride in your own achievements, but also condition you for much harder work during university studies. Good work habits can't be bought, they must be nurtured and practiced continuously.

You can get the maximum 30 points each day by showing up on time, having all your supplies, finished assignments/homework, and especially by participating in classroom work. Minor shortfalls can be offset by doing extra work.

Under justifiable circumstances, you may be allowed to make-up for missed assignments. Re-taking an exam is dependent on school policy.

## **Assignments and Homework**

The expectation is that you come to class prepared. All assignments are to be completed neatly and legibly for full credit. Keep assignments in a notebook/folder and they must be available to be produced at all times. **DO NOT THROW ANYTHING AWAY!!**

This is a demanding course requiring daily homework. Our lessons will usually cover 10-15 pages from the textbook, each day. Expect to spend at least 6 hours per week on work for this course. Homework should be prepared for each lesson since it is a springboard leading into the next lesson.

Starting strong and maintaining a good grade is a lot easier than putting in extra effort to fix a grade.

## **Classroom Rules**

- No **food, gum** or **drinks** in the class. Water is ok.
- No **cell phones, ear buds, gaming devices, hats in class**. They will be taken away and your parents will be contacted.

- **Be prepared** to learn each day with your assignments, notes, pencils, and other necessary school supplies (see list below).
- Please **raise your hand** to be recognized, avoid calling out & stay in your seats unless directed otherwise.
- **RESPECT** the rights and property of others and **do not interfere** with their education.
- **ACADEMIC HONESTY:** Cheating or copying is inexcusable and you may fail the assignment (this is also true for homework and projects) and have your parents notified and called in for a meeting with school representatives. **I CHECK FOR PLAGIARISMEVERY TIME YOU SUBMIT YOUR WORK!**

### **School supplies**

These are the requirements:

- Pencil
- Eraser
- Sharpener
- Pen
- Notebook for notes in class
- Homework folder/register

It is your responsibility to be prepared. Failure to bring your own material (especially if repeated) may cost you daily points.