

AP Economics Syllabus

Welcome to AP Economics.

So you are clear on what you have signed up for, this is an AP class designed to replace a one semester introductory class in the principles of microeconomics and a one semester introductory class in the principles of macroeconomics. This class meets for four (4) periods every seven (7) days. This course requires the completion of Integrated Math 2 with at least a minimum grade of a B and a B- or better in their last English class. Be aware that the AP test involves a lot of specific vocabulary and will require regular written analysis. The AP test will require students to explain their work and we will practice this skill throughout the course.

The outline that follows is organized by chapters in the primary text. The timing is approximate and may vary slightly due to many factors. The AP test is offered at the start of May, meaning all material must be covered by that point. There are about 30 weeks of in class instructional time from the start of school till then not including midyear exams or other school activities. This translates to about 83 classes of teaching time.

Grading

This is the approximate breakdown I will use to compute grades for this class. I grade on a point system and the actual percentage breakdown depends on the total points that term. There will be about 600 – 700 points in each term. Grades will be based on the following activities:

Tests and quizzes (about 2 per term)	≅40%
Case studies (about 1 to 2 per term)	≅10%
Project	≅10%
Economics Reading	≅10%
Homework or class work	≅ 5%
Article reviews (5 graded a term)	≅15%
Class Participation	≅10%

For my assignments I will use the strict grading system of the school. I do not scale tests, so it would be a waste of both of our time to ask.

Tests

The tests will tend to contain problems similar to AP test questions to further prepare you for how the questions will be worded. This means tests may contain multiple choice and short answer questions. You will be required to show your work for an answer to be correct. You will also be expected to explain your answers clearly and concisely, to do this well you will need to study and know the material.

Usually in the course of a term there will be 2-3 tests of varying point values. I will give you at least a week notice before each test.

Homework

No I do not pile on the homework; however the homework I do give needs to be done. It will consist of two parts, reading and problem sets. The reading will usually be assigned before we cover a subject so that you will be able to participate in class. The problem sets are to give you

experience in solving problems that you will see on projects and tests. Very seldom will homework be graded, however periodically assignments will be checked for completion to make sure you are keeping up. I will not announce ahead of time which assignments will be checked. This will happen a few times a term. It is important that you have the homework on these days as these points can be a deciding factor for your term grade.

Copying homework is a waste of your time; the true value is in learning the material for the tests and projects.

Projects

Because you almost never take tests outside of the classroom environment, there are 3 major projects. The projects will vary in style and may be individual or in pairs/small groups. At the start of each project you will receive a handout about that project. The sheet will contain various information including project details, grading breakdown and due date. It is important that you keep this sheet to ensure that you are completing the project correctly. Work on the projects will be done both in and out of class, with a majority to be completed outside of class. Each project will consist of design or computational work and a written analysis of your procedures, results and conclusions. Certain projects will also include oral aspects where you will need to explain your results in simple terms to an audience.

Case Studies

This is a major part of your grade in this class so it is important to do well on case studies. There will be about 2 case studies a term worth between 24 and 52 points each. In these studies you will be presented with a statistical situation and have to use your knowledge to analyze the situation and come up with an answer. In each case study you will be completing relevant statistical calculations and a written explanation of the procedure, analysis of the results and conclusion. Before the first case study you will get a handout that has further information concerning the grading and we will cover this in detail a few times this year.

Economic Readings

You are required to read one book from our approved economics reading list each term. After reading the book you will have to submit a written commentary and have a short discussion with me about the book. You have the option of reading a second book any term as extra credit. You will get a handout that has further information concerning the grading and we will cover this in detail a few times this year.

Article Review

Each term there will be six (6) due dates to turn in an economic article review. Your best five (5) grades each term will be included in your term grade. Each review must be from an article published within the last month in a newspaper, magazine, journal or as an internet article. When you turn in your review you must include either the article, a copy of the article or a link to the article. Your review may be turned in typed or emailed to the above address as a word attachment. Other methods of submittal will not be accepted.

Before the first due date you will get a handout that has further information concerning the grading and we will cover this in detail a few times this year.

Class Participation

This is very important in this class, and not just because it is 15% of your grade. In this class you will be expected to contribute to class discussions, do problems at the board, and voice opinions on topics. This does not mean that you will spend the time talking to your friends, but rather spend time listening to what others are saying and responding with relevant comments. To be able to contribute well you will need to keep up with all assigned readings.

As a reminder, part of your class participation grade is based on you being in class and on time with appropriate materials.

Schedule Sheets

I try to get out schedule sheets to the class on about a two-week basis. These sheets contain information on what we will be doing in class each day and what each night's homework is. These sheets will also contain information about test dates and other important class information. I would like you to keep these sheets even after those weeks are over because they will also help you in studying for major tests. I would like you to remember that since these sheets are produced ahead of time they are subject to change when needed. When this happens I will tell you and I suggest that you notate it on the sheet.

Extra Help

I am available for extra help most days after school. If you need to make up a test be sure to schedule it with me ahead of time so that I have set aside the time and prepared the materials. There may be times when I am unavailable but then alternative arrangements can be made.

If you have any problems in this course, find the time to come talk to me.

Course Materials

Student Texts:

McConnell, Campbell R. and Brue, Stanly L. *Microeconomics Principles, Problems, and Policies*. 16th ed. Boston: Houghton Mifflin Company, 2005.

McConnell, Campbell R. and Brue, Stanly L. *Macroeconomics Principles, Problems, and Policies*. 16th ed. Boston: Houghton Mifflin Company, 2005.

Other Resources:

Grant, Randy. *Instructor's Manual to Accompany Economics Principles, Problems, and Policies 16th Edition*. 1st ed. Boston: Houghton Mifflin Company, 2005.

Walstad, William B. and Bingham, Robert C. *Study Guide to Accompany Microeconomics Principles, Problems, and Policies*. 15th ed. Boston: Houghton Mifflin Company, 2002.

Walstad, William B. and Bingham, Robert C. *Study Guide to Accompany Macroeconomics Principles, Problems, and Policies*. 15th ed. Boston: Houghton Mifflin Company, 2002.

Morton, John S. and Goodman, Rae Jean B. *Advanced Placement Economics Teacher Resource Manual*. 3rd ed. New York: National Council on Economic Education, 2003

Frank, Robert H. and Bernanke, Ben S. *Principles of Economics*. 2nd ed. Boston: Houghton Mifflin Company, 2004.

Wessels, Walter J. *Barron's Economics*. 3rd ed. New York: Barron's Educational Series, 2000.

Salvatore, Dominick and Diulio, Eugene A. *Schaum's Theory and Problems: Principles of Economics*. 2nd ed. New York: McGraw Hill, Inc., 2002.

Anderson, David. *Cracking the AP Economics Macro and Micro Exams*. 2006-2007 ed. New York: The Princeton Review, 2006.

Musgrave, Frank and Kacapyr, Elia. *Barron's How to Prepare for the AP Microeconomics / Macroeconomics Examinations*. 1st ed. New York: Barron's Educational Series, 2001.

Paul Solman videos for use with McConnell, Brue, 16th ed

Released AP exams from The College Board

Computer programs including internet access, Microsoft Excel, and others

Use of the class website and online discussion board

Other material and data comes from various sources such as articles in newspapers, journals, and different websites.

Worksheets from various sources for reinforcement, introduction of concepts, or review

The case studies and term projects come from various sources and are usually completed out of class.

The homework problems listed below are assigned from the student textbook. Some of the problems listed are worked in class as discussion problems.

Course Outline:

This section of the syllabus will take us through all of the first semester and into the second. There is summer reading of Chapters 1-4 before the start of school. Students start the year with the Microeconomics text.

Microeconomics

I. The Basic Economic Problem (Chapters 1, 2, and 4 – about 2 weeks)

- A. The Economic Perspective and Way of Thinking
- B. Basic Economic Questions
- C. Positive vs. Normative Thinking
- D. Pitfalls of Economic Thinking
- E. Scarcity
- F. Opportunity Cost
- G. Production Possibilities Curve
- H. Implicit and Explicit Costs
- I. Economic Systems

- J. Circular Flow
- K. Market system Characteristics

Chapter 1 HW: SQ #4-6, 8, ASQ #1-3

Chapter 2 HW: SQ #4-6, 9-11, 17

Chapter 4 HW: SQ #6-7, 9-13

Various Worksheets and Handouts

Chapter 1, 2 and 4 Test

II. Supply and Demand (Chapter 3 and 3W – about 2.5 weeks)

- A. Demand
- B. Supply
- C. Market Equilibrium
- D. Graphing
- E. Market shifts
- F. Surplus

Chapter 3 HW: SQ #1-11, 13, 15

Chapter 3W HW: #1-3, 5-9, 11-17

Oprah vs Cattle Farmers Case

Supply and Demand Games project

Various Worksheets and Handouts

Chapter 3 and 3W test

III. Product Markets (Chapters 7, 8 and 9 – about 3.5 weeks)

- A. Price elasticity of demand
- B. Price elasticity of supply
- C. Income and substitution effects
- D. Law of diminishing marginal return
- E. Theory of consumer behavior
- F. Utility maximization
- G. Indifference curve
- H. Explicit and implicit costs
- I. Normal and economic profit
- J. Short run costs
- K. Long run costs

Chapter 7 HW: SQ #1-10, 12-14

Chapter 8 HW: SQ #1, 2, 4, 5, 7-12 appendix 1-3, 6

Chapter 9 HW: SQ #1-11

Liver Donation Elasticity Case

Rational Behavior Case

Economic Computer Simulations Project

Various Worksheets and Handouts

Chapter 7, 8 and 9 test

IV. Market Models (Chapter 10, 11 and 12 – about 4 weeks)

- A. Pure Competition
 - 1. Characteristics
 - 2. Demand
 - 3. Profit maximization
 - 4. Price determination
 - 5. Efficiency
- B. Pure Monopoly
 - 1. Characteristics
 - 2. Demand
 - 3. Barriers to entry
 - 4. Profit maximization
 - 5. Price determination
 - 6. Price discrimination
 - 7. Regulation
 - 8. Efficiency
- C. Monopolistic Competition
 - 1. Characteristics
 - 2. Demand
 - 3. Profit maximization
 - 4. Price determination
 - 5. Efficiency
- D. Oligopoly
 - 1. Characteristics and models
 - 2. Demand
 - 3. Profit maximization
 - 4. Price determination
 - 5. Efficiency

Chapter 10 HW: SQ #1-8

Chapter 11 HW: SQ #1-13

Chapter 12 HW: SQ #1-12

Which Market? Case

Microsoft as a Monopoly Essay

Various Worksheets and Handouts

Chapter 10, 11 and 12 test

V. Resource Markets (Chapters 14, 15 and 16 – about 3 weeks)

- A. Derived demand
- B. MRP and MRC
- C. Determinates of resource demand
- D. Elasticity of resource demand
- E. Optimal combination of resources
- F. Wages
- G. Labor market models
 - 1. Purely competitive
 - 2. Monopsony
 - 3. Unions
 - 4. Bilateral monopoly
- H. Wage differentials
- I. Economic rent

- J. Interest
- K. Economic profit

Chapter 14 HW: SQ #1-3, 5-9
Chapter 15 HW: SQ #1-7, 9, 10
Chapter 16 HW: SQ #5-10
Union Case
Various Worksheets and Handouts
Chapter 14, 15 and 16 test

VI. Government (Chapters 5, 17 and 18 – about 2 weeks)

- A. Households
- B. Business types
- C. Public sector
- D. Circular flow
- E. Government finance
- F. Public goods
- G. Externalities
- H. Information failure
- I. Government failure
- J. Tax burdens
- K. Loss of efficiency

Chapter 5 HW: SQ #2-4, 6, 9, 10, 12-15
Chapter 17 HW: SQ #1-4, 7, 13
Chapter 18 HW: SQ #1-4, 6-10
Public or Private? Case
Various Worksheets and Handouts
Chapter 5, 17 and 18 test

This section of the syllabus will take us through the remainder of the second semester. Students take the course for the full year so they will get the basic concepts to start the year. Students switch books to the Macroeconomics text at this point. Chapter notations reflect this change.

Macroeconomics

VII. Economic Measurement (Chapters 7, 8 and 9 – about 3 weeks)

- A. GDP
- B. Expenditure model
- C. Income model
- D. Other national accounts
 - 1. NDP
 - 2. NI
 - 3. PI
 - 4. DI

- E. Nominal and Real comparison
- F. What GDP does not measure
- G. Economic growth
- H. The business cycle
- I. Unemployment
- J. Inflation and inflation effects
- K. MPS and MPC
- L. Consumption determinants
- M. Interest rate
 - 1. Affect on investment
 - 2. Shifts of demand curve
 - 3. Instability
- N. Multiplier effect

Chapter 7 HW: SQ #3, 4, 6-8, 11-13

Chapter 8 HW: SQ #1-4, 6, 8-12, 14

Chapter 9 HW: SQ #1, 3-5, 7-11

Business Cycle – US and Japan Case

Various Worksheets and Handouts

Chapter 7, 8 and 9 test

VIII. Aggregate Expenditures and Fiscal Policy (Chapters 11, 12, 16, 17 and 18 – about 4.5 weeks)

- A. Aggregate Demand
- B. Aggregate Supply
- C. Equilibrium and shifts in AD and AS
- D. Expansionary fiscal policy
- E. Concretionary fiscal policy
- F. Fiscal stability
- G. Fiscal policy
- H. Policy complications and problems
- I. Short run vs long run AS
- J. Philips curve and unemployment – inflation relationship
- K. Aggregate supply and taxation
- L. Growth factors (supply, demand and efficiency)
- M. Production possibilities curve for growth
- N. Extended Ad-AD Model for growth
- O. Added Labor vs Productivity
- P. Short term vs Long term growth
- Q. Growth in the US economy
- R. Budget philosophies
- S. Public debt
- T. Real and false concerns and issues

Chapter 11 HW: SQ #1-8, 11

Chapter 12 HW: SQ #1-3, 5, 7, 9-12, 14

Chapter 16 HW: SQ #1-4, 6-8

Chapter 17 HW: SQ #1, 2, 4-7, 9-12

Chapter 18 HW: SQ #1-5, 7

Various Worksheets and Handouts

Chapter 11, 12, 16, 17 and 18 test

IX. Money, Banking and Monetary Policy (Chapters 13, 14 and 15 – about 3 weeks)

- A. Function of money
- B. Types of money
- C. Money value
- D. Demand for money
- E. Money market and supply shifts
- F. The Federal Reserve System
- G. Bank balance sheets
- H. Function of a Commercial Bank
- I. The Banking system
- J. Monetary policy tools
- K. Monetary policy effects
- L. Complications in Monetary policy

Chapter 13 HW: SQ #1, 3-7, 9, 12, 14, 16

Chapter 14 HW: SQ #1, 2, 4, 5, 7, 8, 11, 13, 15

Chapter 15 HW: SQ #1-4, 6-8

The Argentina Currency Board Case or Thailand Currency Crisis Case

Various Worksheets and Handouts

Chapter 13, 14 and 15 test

X. Macro Theories (Chapter 19 – Spring Break work – with AP Practice Problems)

- A. Classical
- B. Keynes
- C. Mainstream
- D. Monetarist
- E. Causes of instability
- F. Self-correction
- G. Rule based or discretionary stabilization

Chapter 19 HW: SQ #1, 2, 4, 5, 7, 13

Chapter 19 take-home test

XI. International Economics (Chapters 6, 20, 21 – about 2 weeks)

- A. United States and world trade
- B. Economic basis for trade
- C. Comparative advantage
- D. Import and export determination via supply and demand
- E. Trade barriers
- F. Free trade zones and agreements
- G. Arguments for and against protectionism
- H. Finance of international trade
- I. Balance of payments
- J. Exchange rates
 - 1. Fixed
 - 2. Flexible
 - 3. Determinants
 - 4. History
 - 5. Managed float

Chapter 6 HW: SQ #1-4, 6, 7, 9-12
Chapter 20 HW: SQ #3-11
Chapter 21 HW: SQ #1-3, 5, 6, 9
Communism in a Global Society Essay
US Steel Case
The Chinese Yuan Revaluation Case
Various Worksheets and Handouts
Chapter 6, 20 and 21 test – After AP Test

XII. AP Test Preparation (about 2 weeks)

- A. Topical review – about 3-4 classes
- B. Mock tests
 1. one in class over two days
 2. one as a single sitting on the weekend