

**Summit Public Schools  
Summit, New Jersey**

**AP Macroeconomics  
Course of Study  
Grades 11-12**

**One Semester**

**Course Description:** AP Macroeconomics introduces qualified students to the discipline of macroeconomics at the introductory college level. The curriculum closely follows the scope and sequence of the College Board's AP Macroeconomics. Through the 5 units of study, students examine how economists view the world, including a thorough understanding of basic economic concepts. From there, the course moves on to examine specific topics related to macroeconomics such as measures of overall economic performance, the financial and monetary systems, and the macroeconomic theory of the open economy. Both theory and application are stressed as students work through the key concepts. AP Macroeconomics provides students with both the foundation to pursue further economic studies in college/university and a critical understanding of how the economy functions and influences national and global issues. It also prepares them for the AP Exam given in May, which all students are required to take. Additionally, this class also fulfills the requirements for 21st Century Life and Career ready practices (see addendum).

**Pacing Guide:**

17 Weeks of Teaching New Material

**Unit #1 Economic Concepts and Principles** (8-12%) 1-2 Weeks

**Unit #2 Macroeconomic Measures-Economic Growth** (17-26%) 4 Weeks

**Unit #3 Nat. Income-Price, Saving, Investment, and the Financial System** (10-15%) 1-2 Weeks

**Unit # 4 The Monetary System, Inflation, Financial Markets** (15-20%)  
3-4 Weeks

**Unit # 5 Stabilization Policy-Macro Concepts-Aggregate Demand/Supply** (30-45%) 6-7 Weeks

**Main Text:** Mankiw, Gregory N., *Principles of Economics*, 7th Ed. Stamford, CT: Cengage Learning, 2015

## Unit 1: Economic Concepts and Principles

Standard(s) 6.3 Active Citizenship in 21st Century, 9.1 Financial Literacy, and 9.2 Career Awareness	
<p><b>Big Ideas:</b> Economics provides a specific way of analyzing how and why things happen and how and why people behave.</p>	
Essential Questions <i>What provocative questions will foster inquiry, understanding, and transfer of learning?</i>	Enduring Understandings <i>What will students understand about the big ideas?</i>
<p>Why are trade-offs a key to understanding economics? How do incentives influence behavior?</p> <p>Why/how can international trade be good for everyone?</p> <p>How do markets allocate resources?</p> <p>What role does government play in influencing markets?</p> <p>How do taxes impose a cost?</p>	<p>Students will understand that... Economics is based on scarcity- there is not enough of everything- and that people face trade-offs.</p> <p>Incentives are a powerful force in shaping what people/firms</p> <p>Using opportunity costs to analyze choices, one can understand how marginal reasoning is used as a determinant in making decisions.</p> <p>Comparative advantage demonstrates that trade can, in fact improve the outcomes for all parties involved.</p>
Areas of Focus: Proficiencies (Cumulative Progress Indicators)	Examples, Outcomes, Assessments
<p>From College Board:</p> <p>I . Basic Economic Concepts ... (8–12%) 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</p> <p><b>NJCCCS</b> 6.3 Active Citizenship in the 21st Century 9.1 Financial Literacy 9.2 Career Awareness, Exploration, and Preparation</p>	<p>Instructional Focus: 1-2 Weeks of instruction.</p> <p><b>Key topics:</b> Basic Economic Concepts, 10 Principles of Econ, Scarcity/Choice/Opportunity Costs, Production Possibilities Curve Comparative Advantage/Specialization, Supply+Demand, and Market Equilibrium, Macroeconomic issues (also unit #2)</p> <p>Sample Assessments:  Daily work with relevant graphs demonstrating key concepts.</p>

<p><b>Common Core Standard:</b>  CCSS.ELA-Literacy.RI.9-10.1,  CCSS.ELA-Literacy.RI.9-10.2,  CCSS.ELA-Literacy.SL.9-10.1.a,  CCSS.ELA-Literacy.SL.9-10.1.b,  CCSS.ELA-Literacy.SL.9-10.1.c,  CCSS.ELA-Literacy.SL.9-10.1.d,  CCS.ELA-Literacy.CCRA.R.2,  CCS.ELA-Literacy.CCRA.R.6,  CCS.ELA-Literacy.RH.11-12.8</p>	<p>Formative and summative assessments measuring students’ understanding and performance of key conceptual learning objectives.</p> <p>Instructional Strategies:</p> <p>Interdisciplinary Connections  Technology Integration  Global Perspectives</p>
<p><b>Conceptual Objectives:</b>  <b>Students will understand:</b>  *Economics is about the allocation of resources;  *Individuals face trade-offs;  *The meaning of opportunity costs;  *How to use marginal reasoning when making decisions;  *How incentives affect people’s behavior;  *Why trade among people or nations can be good for everyone;  *Why markets are a good, but not perfect, way to allocate resources;  *What determines some trends in overall economy.  *How economists apply the methods of science;  *How assumptions and models can shed light on the world;  *Two simple models- the circular flow and production possibilities frontier;  *The difference between microeconomics and macroeconomics;  *The difference between positive and normative statements;</p>	

- \*The role of economists in making policy;
- \*Why economists sometimes disagree with one another.

### **Interdependence and the Gains from Trade (Ch 3 Mankiw Text)**

#### **Students will understand:**

- \*How everyone can benefit when people trade with one another;
- \*The meaning of absolute and comparative advantage;
  
- \*How comparative advantage explains the gains from trade;
- \*How to apply the theory of comparative advantage to everyday life and national policy.

### **The Market Forces of Supply and Demand (Ch 4 Mankiw Text)**

#### **Learning Objectives**

#### **Students will understand:**

- \*What a competitive market is;
- \*What determines the demand for a good in a competitive market;
- \*What determines the supply of a good in a competitive market;
- \*How supply and demand together set the price of a good and the quantity sold;
- \*The key role in prices in allocating resources in market economies.

### **Elasticity and Its Application (Ch 5 Mankiw Text)**

#### **Learning Objectives**

#### **Students will understand:**

- \*The meaning of the elasticity of demand;
- \*What determines the elasticity of demand;
- \*The meaning of the elasticity of supply;
- \*What determines the elasticity of supply;

\*The concept of elasticity in three very different markets (wheat, oil, and illegal drugs).

**Supply, Demand, and Government Policies** (Ch 6 Mankiw Text)

**Learning Objectives**

**Students will understand:**

- \*The effects of government policies that place a ceiling on prices;
- \*The effects of government put a floor under prices;
- \*How a tax on a good affects the price of the good and quantity sold;
- \*That taxes levied on sellers and taxes levied on buyers are equivalent;
- \*How the burden of a tax is split between buyers and sellers.

**Consumers, Producers, and the Efficiency of Markets** (Ch 7 Mankiw)

**Learning Objectives**

**Students will understand:**

- \*The buyer's willingness to pay for a good and the demand curve;
- \*How to define and measure consumer surplus;
- \*The link between the sellers' cost of producing a good and the supply curve;
- \*How to define and measure producer surplus;
- \*That the equilibrium of supply and demand maximizes total surplus in a market.

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**Application: The Costs of Taxation** (Ch 8 Mankiw)

**Learning Objectives**

**Students will understand:**

- \*How taxes reduce consumer and producer surplus;

<p>*The meaning and causes of the deadweight loss from a tax;          *Why some taxes have larger deadweight losses than others          *How tax revenue and deadweight loss vary with the size of the tax.</p> <p>-----</p> <p><b>Application: International Trade</b> (Ch 9 Mankiw)  <b>Learning Objectives</b>  <b>Students will understand:</b>          *What determines whether a country imports or exports a good;          *Who wins and who loses from international trade;          *That the gains to winners from int. Trade exceed the losses to losers;          *The welfare effects of tariffs and import quotas;          *The arguments people use to advocate for trade restrictions.</p>	
<p>The following skills and themes listed to the right should be reflected in the design of units and lessons for this course or content area.</p>	<p>(not all will apply to all units)  <b>Creativity and Innovation</b></p> <ul style="list-style-type: none"> <li>● Critical Thinking and Problem Solving</li> <li>● Communication and Collaboration</li> <li>● Information Literacy</li> <li>● Media Literacy</li> <li>● Life and Career Skills</li> </ul> <p><b>21<sup>st</sup> Century Themes</b> (as applies to content area):</p> <ul style="list-style-type: none"> <li>● Financial, Economic, Business, and Entrepreneurial Literacy</li> <li>● Civic Literacy</li> </ul>

## Unit 2: Macroeconomic Measures-Economic Growth

Standard(s) 6.3 Active Citizenship in 21st Century, 9.1 Financial Literacy, and 9.2 Career Awareness	
<p><b>Big Ideas:</b> Macroeconomics uses key measures to analyze the performance of the overall economy.</p>	
Essential Questions <i>What provocative questions will foster inquiry, understanding, and transfer of learning?</i>	Enduring Understandings <i>What will students understand about the big ideas?</i>
<p>How can one determine the overall performance of a country's economy?</p> <p>How can one measure economic growth?</p> <p>How can one measure inflation?</p> <p>Why is it important to analyze real versus nominal measures?</p> <p>Why is productivity a key economic measure?</p>	<p>Students will understand that...</p> <p>An economy's total income equals its total expenditure.</p> <p>The key measure used to evaluate economic growth is the Gross Domestic Product (GDP) of a country.</p> <p>GDP is made up of 4 major components: consumption, investment, government purchases, and net exports.</p> <p>It is essential to differentiate real GDP from nominal GDP- and why.</p> <p>The key factor in improving real economic performance is improving productivity.</p> <p>How unemployment is measured and why it of such importance to the economy.</p> <p>The key factors that influence unemployment rates, including but not limited to, minimum wage laws, bargaining between workers/unions and firms.</p>
Areas of Focus: Proficiencies (Cumulative Progress Indicators)	Examples, Outcomes, Assessments
<p>From College Board: Measurement-Econ Performance(12–16%)</p>	<p>Instructional Focus: 4 Weeks of Instruction</p>

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

From College Board

EconomicGrowth . ... (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

**NJCCCS (2014)**

- 6.3 Active Citizenship in the 21st Century
- 9.1 Financial Literacy
- 9.2 Career Awareness, Exploration, and Preparation

**Common Core Standard:**

- CCSS.ELA-Literacy.RI.9-10.1,
- CCSS.ELA-Literacy.RI.9-10.2,
- CCSS.ELA-Literacy.SL.9-10.1.a,
- CCSS.ELA-Literacy.SL.9-10.1.b,
- CCSS.ELA-Literacy.SL.9-10.1.c,
- CCSS.ELA-Literacy.SL.9-10.1.d,
- CCS.ELA-Literacy.CCRA.R.2,
- CCS.ELA-Literacy.CCRA.R.6,
- CCS.ELA-Literacy.RH.11-12.8

**Key Topics:**

Measuring economic performance, national income, circular flow, GDP, real vs nom. GDP, measuring inflation, CPI, GDP deflator, nominal and real values, costs of inflation, unemployment, types, natural rate, defining econ growth, determinants of econ growth, investment in human capital, inv. physical capital, R+D and technological progress, growth policies(also examined in unit #5)

Sample Assessments:

Daily work with relevant graphs demonstrating key concepts.

Formative and summative assessments measuring students’ understanding and performance of key conceptual learning objectives.

Instructional Strategies:

Interdisciplinary Connections

Technology Integration

Global Perspectives

Conceptual Objectives:

**Students will understand:**

## **MACROECONOMICS**

**Measuring a Nation's Income** (Ch 23 or 10 Macro text- Mankiw)

**Learning Objectives:**

\*Students should understand:

\*Why an economy's total income equals its total expenditure;

\*How gross domestic product(GDP) is defined and calculated;

\*The breakdown of GDP into its 4 major components;

\*The distinction between real GDP and nominal GDP;

\*Whether GDP is an effective measure of economic well-being.

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**Measuring the Cost of Living** (Ch 24 or 11 Macro text- Mankiw)

**Learning Objectives**

**Students will understand:**

\*How the consumer price index (CPI) is calculated;

\*Why the CPI is an imperfect measure of the cost of living;

\*How to compare CPI and the GDP deflator as measures of overall price level;

\*How to use a price index to compare dollar figures from different time periods;

\*The distinction between real and nominal interest rates.

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**Production and Growth** (Ch 25 or 12 in Macro text-Mankiw)

**Learning Objectives**

**Students will understand:**

\*How much economic growth differs around the world;

\*Why productivity is the key determinant of a country's standard of living;

<p>*The factors that determine a country’s productivity;          *How a country’s policies influence its productivity growth.</p> <p>-----</p> <p><b>Unemployment</b> (Ch 28 or 15 in Macro Mankiw)  <b>Learning Objectives</b>  <b>Students will understand:</b></p> <p>*The data used to measure the amount of unemployed          *How unemployment can result from minimum-wage laws;          *How unemployment can arise from bargaining between firms and unions;          *How unemployment results when firms choose to pay efficiency wages.</p>	
<p>The following skills and themes listed to the right should be reflected in the design of units and lessons for this course or content area.</p>	<p><b>Creativity and Innovation</b></p> <ul style="list-style-type: none"> <li>● Critical Thinking and Problem Solving</li> <li>● Communication and Collaboration</li> <li>● Information Literacy</li> <li>● Media Literacy</li> <li>● Life and Career Skills</li> </ul> <p><b>21<sup>st</sup> Century Themes</b> (as applies to content area):</p> <ul style="list-style-type: none"> <li>● Financial, Economic, Business, and Entrepreneurial Literacy</li> <li>● Civic Literacy</li> </ul>

### Unit 3: Saving, Investment, and the Financial System

<b>Standard(s) 6.3 Active Citizenship in 21st Century, 9.1 Financial Literacy, and 9.2 Career Awareness</b>	
<b>Big Ideas:</b> Understanding savings, investment, the financial system, and government policy are key to understanding how economies function.	
<b>Essential Questions</b> <i>What provocative questions will foster inquiry, understanding, and transfer of learning?</i>	<b>Enduring Understandings</b> <i>What will students understand about the big ideas?</i>
<p>How is the financial system connected to key economic variables?</p> <p>To what extent do government budget deficits and/or trade deficits affect the U.S. and global economies?</p> <p>To what extent does risk influence how assets are priced?</p>	<p>Students will understand that...</p> <p>A developed economy needs a sound banking system and financial institutions and oversight to function effectively.</p> <p>The supply/demand of loanable funds has a determines interest rates, had impact on the financial system- influencing how people/firms/economy spend, save, and invest.</p> <p>Government policies and their outcomes (i.e. budget deficit/surplus) influence the behavior and outcomes for people/firms/economy.</p> <p>When evaluating value it is important to consider/measure both present and future.</p> <p>The importance of compounding.</p> <p>How asset prices are determined and the risk/reward for holding select types of assets.</p>
<b>Areas of Focus: Proficiencies (Cumulative Progress Indicators)</b>	<b>Examples, Outcomes, Assessments</b>
From College Board	Instructional Focus:

<p>National Income and Price Determination. (10–15%)</p> <p>A . Aggregate demand</p> <ol style="list-style-type: none"> <li>1 . Determinants of aggregate demand</li> <li>2 . Multiplier and crowding-out effects</li> </ol> <p>B . Aggregate supply</p> <ol style="list-style-type: none"> <li>1 . Short-run and long-run analyses</li> <li>2 . Sticky versus flexible wages and prices</li> <li>3 . Determinants of aggregate supply</li> </ol> <p>C . Macroeconomic equilibrium</p> <ol style="list-style-type: none"> <li>1 . Real output and price level</li> <li>2 . Short and long run</li> <li>3 . Actual versus full-employment output</li> <li>4 . Business cycle and economic fluctuations</li> </ol> <p><b>NJCCCS (2014)</b></p> <p>6.3 Active Citizenship in the 21st Century</p> <p>9.1 Financial Literacy</p> <p>9.2 Career Awareness, Exploration, and Preparation</p> <p><b>Common Core Standard:</b></p> <p>CCSS.ELA-Literacy.RI.9-10.1,  CCSS.ELA-Literacy.RI.9-10.2,  CCSS.ELA-Literacy.SL.9-10.1.a,  CCSS.ELA-Literacy.SL.9-10.1.b,  CCSS.ELA-Literacy.SL.9-10.1.c,  CCSS.ELA-Literacy.SL.9-10.1.d,  CCS.ELA-Literacy.CCRA.R.2,  CCS.ELA-Literacy.CCRA.R.6,  CCS.ELA-Literacy.RH.11-12.8</p>	<p>1-2 Weeks of Instruction.</p> <p><b>Key Topics:</b></p> <p>National Income and price determination, aggregate demand (also examined in unit #5), determinants of aggregate demand, multiplier and crowding out effects, aggregate supply, determinants of aggregate supply, short run versus long run (also in #5), wages: sticky vs flexible, macro equilibrium, real output/price level, employment: actual v. full-employment, business cycle.</p> <p>Sample Assessments:</p> <p>Daily work with relevant graphs demonstrating key concepts.</p> <p>Formative and summative assessments measuring students’ understanding and performance of key conceptual learning objectives.</p> <p>Instructional Strategies:</p> <p>Interdisciplinary Connections</p> <p>Technology Integration</p> <p>Global Perspectives</p>
<p>Conceptual Objectives:</p> <p><b>Saving, Investment, and the Financial System</b> (Ch 26 or 13 in Macro Mankiw)</p> <p><b>Learning Objectives</b></p> <p><b>Students will understand:</b></p> <p>*Some of the important financial institutions in the U.S. economy;</p>	

<p>*How the financial system is related to key macroeconomic variables;          *The model of the supply/demand for loanable-funds in financial markets;          *How to use the loanable-funds model to analyze various government policies;          *How government budget deficits affect the U.S.economy.</p> <p>-----</p> <p><b>The Basic Tools of Finance</b> (Ch 27 or 14 in Macro Mankiw)  <b>Learning Objectives</b>          Students will understand:          *The relationship between present value and future value;          *The effects of compound growth;          *How risk-averse people reduce the risk they face;          *How asset prices are determined.</p>	
<p>The following skills and themes listed to the right should be reflected in the design of units and lessons for this course or content area.</p>	<p><b>Creativity and Innovation</b></p> <ul style="list-style-type: none"> <li>● Critical Thinking and Problem Solving</li> <li>● Communication and Collaboration</li> <li>● Information Literacy</li> <li>● Media Literacy</li> <li>● Life and Career Skills</li> </ul> <p><b>21<sup>st</sup> Century Themes</b> (as applies to content area):</p> <ul style="list-style-type: none"> <li>● Financial, Economic, Business, and Entrepreneurial Literacy</li> <li>● Civic Literacy</li> </ul>

**Unit 4: The Monetary System and Inflation**

**Standard(s) 6.3 Active Citizenship in 21st Century, 9.1 Financial Literacy, and 9.2 Career Awareness**

<p><b>Big Ideas:</b>  Understanding the role of money, banking, and the Federal Reserve are key to appreciating how they influence and relate to the economy’s performance.</p>	
<p><b>Essential Questions</b>  <i>What provocative questions will foster inquiry, understanding, and transfer of learning?</i></p>	<p><b>Enduring Understandings</b>  <i>What will students understand about the big ideas?</i></p>
<p>To what extent does the money supply influence inflation and economic growth?</p> <p>Why are the costs inflation imposes on a society of such interest to economists?</p>	<p>Students will understand that...</p> <p>Money serves various roles in the economy (i.e exchange, measurement, storage).</p> <p>The Federal Reserve, as the U.S. central bank, plays a key role in determining and executing monetary policy.</p> <p>The banking system, through its use of fractional reserves, determines the money supply.</p> <p>The Federal Reserve uses a variety of tools to affect monetary policy (i.e. reserve requirement, discount rate, open-market operations).</p> <p>There is a relationship between monetary policy/money supply and inflation.</p>
<p><b>Areas of Focus: Proficiencies (Cumulative Progress Indicators)</b></p>	<p><b>Examples, Outcomes, Assessments</b></p>
<p>From College Board  FinancialSector . . . . . (15–20%) A .  . . . . . (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 and the equilibrium nominal interest rate  B . Loanable funds market  1 . Supply of and demand for loanable</p>	<p>Instructional Focus:  3 Weeks of Instruction.</p> <p><b>Key Topics:</b>  Money, banking/ financial mkts, definitions of fin. assets: money, stocks, bonds, time value of money, measures of money supply, fractional reserves, demand for money, money market and equilibrium nominal interest rate, loanable funds market: supply and demand, equilibrium real interest rate, crowding out, Fed’s role/control, Fed’s tools, quantity theory of money, real vs. nominal interest rates.</p>

<p>funds</p> <p>2 . Equilibrium real interest rate</p> <p>3 . Crowding out</p> <p>C . Central bank and control of the money supply</p> <p>1 . Tools of central bank policy</p> <p>2 . Quantity theory of money</p> <p>3 . Real versus nominal interest rates</p>	<p>Sample Assessments:</p> <p>Daily work with relevant graphs demonstrating key concepts.</p> <p>Formative and summative assessments measuring students' understanding and performance of key conceptual learning objectives.</p>
	<p>Instructional Strategies:</p>
	<p>Interdisciplinary Connections</p>
<p>Conceptual Objectives:</p> <p><b>The Monetary System</b> (Ch 29 or 16 in Macro Mankiw)</p> <p><b>Learning Objectives</b></p> <p><b>Students will understand:</b></p> <ul style="list-style-type: none"> <li>*What money is and what functions money has in the economy;</li> <li>*What the Federal Reserve System is;</li> <li>*How the banking system helps determine the supply of money;</li> <li>*What tools the Federal Reserve uses to alter the supply of money.</li> </ul> <p>-----</p> <p><b>Money Growth and Inflation</b> (Ch 30 or 17 in Macro Mankiw)</p> <p><b>Learning Objectives</b></p> <p><b>Students will understand:</b></p> <ul style="list-style-type: none"> <li>*Why inflation results from rapid growth in the money supply;</li> <li>*The meaning of the classical dichotomy and monetary neutrality;</li> <li>*Why some countries print so much money they experienced hyperinflation;</li> <li>*How the nominal interest rate responds to the inflation rate;</li> </ul>	<p>Technology Integration</p> <p>Global Perspectives</p>

<p>*The various costs that inflation imposes on society.</p> <p><b>NJCCCS (2014)</b>          6.3 Active Citizenship in the 21st Century          9.1 Financial Literacy          9.2 Career Awareness, Exploration, and Preparation</p> <p><b>Common Core Standards:</b>          CCSS.ELA-Literacy.RI.9-10.1,          CCSS.ELA-Literacy.RI.9-10.2,          CCSS.ELA-Literacy.SL.9-10.1.a,          CCSS.ELA-Literacy.SL.9-10.1.b,          CCSS.ELA-Literacy.SL.9-10.1.c,          CCSS.ELA-Literacy.SL.9-10.1.d,          CCS.ELA-Literacy.CCRA.R.2,          CCS.ELA-Literacy.CCRA.R.6,          CCS.ELA-Literacy.RH.11-12.8</p>	
<p>The following skills and themes listed to the right should be reflected in the design of units and lessons for this course or content area.</p>	<p><b>Creativity and Innovation</b></p> <ul style="list-style-type: none"> <li>● Critical Thinking and Problem Solving</li> <li>● Communication and Collaboration</li> <li>● Information Literacy</li> <li>● Media Literacy</li> <li>● Life and Career Skills</li> </ul> <p><b>21<sup>st</sup> Century Themes</b> (as applies to content area):</p> <ul style="list-style-type: none"> <li>● Financial, Economic, Business, and Entrepreneurial Literacy</li> <li>● Civic Literacy</li> </ul>

**Unit 5: Stabilization Policy-Macro Concepts-Aggregate Demand/Supply**

<p><b>Standard(s) 6.3 Active Citizenship in 21st Century, 9.1 Financial Literacy, and 9.2 Career Awareness</b></p>
<p><b>Big Ideas:</b>          Understanding Macroeconomics/open-economy requires a grasp of the impact of international trade, government fiscal and monetary policy, and savings/investment on aggregate demand and supply.</p>

<p style="text-align: center;"><b>Essential Questions</b> <i>What provocative questions will foster inquiry, understanding, and transfer of learning?</i></p>	<p style="text-align: center;"><b>Enduring Understandings</b> <i>What will students understand about the big ideas?</i></p>
<p>How can economists build a model to explain an open economy?</p> <p>To what extent is there a difference between short-run and long-run macroeconomic models/theories and why?</p> <p>To what extent has Macroeconomic theory evolved since WWII?</p>	<p>Students will understand that...</p> <p>Net exports measures the international flow of goods; while net capital outflow measures the flow of international capital.</p> <p>There is a relationship between saving, domestic investment and net capital outflow.</p> <p>Exchange rates can be expressed in both nominal and real terms, and the importance of purchasing power parity in evaluating how exchange rates are established.</p> <p>A model can be built and used to explain and analyze the effects fo trade, exchange rates and government policies on the economy.</p> <p>The short run and long run differ in terms of aggregate supply and demand and a model can be used to explain both, and analyze what causes booms/busts in the economy.</p> <p>The Phillips Curve proposes a negative correlation between inflation and employment, which economists disagree on as to its relevance/validity.</p> <p>Economists and policymakers provide different “solutions” as to how the economy can/should be stabilized.</p>
<p style="text-align: center;"><b>Areas of Focus: Proficiencies (Cumulative Progress Indicators)</b></p>	<p style="text-align: center;"><b>Examples, Outcomes, Assessments</b></p>
<p>From College Board 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</p>	<p>Instructional Focus: 6-7 Weeks of Instruction.</p> <p><b>Key Topics:</b> Fiscal and monetary policies, demand-side effects, supply-side effects, gov. deficits and</p>

B . The Phillips curve  
 1 . Short-run and long-run Phillips Curves  
 2 . Demand-pull versus cost-push inflation  
 3 . Role of expectations

From College Board  
 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

**NJCCCS (2014)**  
 6.3 Active Citizenship in the 21st Century  
 9.1 Financial Literacy  
 9.2 Career Awareness, Exploration, and Preparation

**Common Core Standard:**  
 CCSS.ELA-Literacy.RI.9-10.1,  
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 CCSS.ELA-Literacy.SL.9-10.1.c,  
 CCSS.ELA-Literacy.SL.9-10.1.d,  
 CCSS.ELA-Literacy.CCRA.R.2,  
 CCSS.ELA-Literacy.CCRA.R.6,  
 CCSS.ELA-Literacy.RH.11-12.8

Conceptual Objectives:  
**Open-Economy Macroeconomics: Basic Concepts** (Ch 31 or 18 in Macro Mankiw)

debt, Phillips Curve, short-run/long-run Phillips Curves, demand-pull vs. cost-push inflation, influence of inflationary expectations, balance of payments, balance of trade, current account, financial account (capital acct), Forex mkt, exchange rate determination, appreciation/depreciation of currency, imports/exports and financial capital flows, relationship between int. and dom. financial and goods markets.

Sample Assessments:  
  
 Daily work with relevant graphs demonstrating key concepts.  
  
 Formative and summative assessments measuring students’ understanding and performance of key conceptual learning objectives.

Instructional Strategies:  
  
 Interdisciplinary Connections  
  
 Technology Integration  
  
 Global Perspectives

**Learning Objectives****Students will understand:**

- \*How net exports measure the international flow of goods;
- \*How net capital outflow measures the international flow of capital;
- \*Why net exports must always equal net foreign investment;
- \*How saving, domestic investment, and net capital outflow are related;
- \*The meaning of the nominal exchange rate and real exchange rate;

\*Purchasing-power parity as a theory of how exchange rates are determined.

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**A Macroeconomic Theory of the Open Economy (Ch 32 or 19 Macro Mankiw)****Learning Objectives**

Students should understand:

- \*How to build a model to explain and open economy's trade balance and exchange rate;
- \*How to use the model to analyze the effects of government budget deficits;
- \*How to use the model to analyze the macroeconomic effects of trade policies;
- \*How to use the model to analyze political instability and capital flight.

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**Aggregate Demand and Aggregate Supply (Ch 33 or 20 in Macro Mankiw)****Learning Objectives**

Students should understand:

- \*Three key facts about short-run economic fluctuations;
- \*How the economy in the short run differs from the economy in the long run;
- \*How to the use of the model of aggregate demand and aggregate supply to explain economic fluctuations;

\*How shifts in either aggregate demand or aggregate supply can cause booms and recessions.

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**The Influence of Monetary and Fiscal Policy on Aggregate Demand (Ch34 or 21)**

**Learning Objectives**

Students should understand:

- \*The theory of liquidity preference as a short-run theory of the interest rate;
  - \*How monetary policy affects interest rates and aggregate demand;
  - \*How fiscal policy affects interest rates and aggregate demand;
  - \*The debate over whether policymakers should try to stabilize the economy.
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**The Short-Run Trade-Off Between Inflation and Unemployment (Ch 35 or 22)**

**Learning Objectives**

Students should understand:

- \*Why policymakers face a short-run trade-off between inflation and unemployment;
- \*Why the inflation-unemployment trade-off disappears in the long run.
- \*How supply shocks can shift the inflation-unemployment trade-off;
- \*The short-run cost of reducing inflation;
- \*How policymakers' credibility might affect the cost of reducing inflation.

<p>The following skills and themes listed to the right should be reflected in the design of units and lessons for this course or content area.</p>	<p><b>Creativity and Innovation</b></p> <ul style="list-style-type: none"> <li>● Critical Thinking and Problem Solving</li> <li>● Communication and Collaboration</li> <li>● Information Literacy</li> <li>● Media Literacy</li> <li>● Life and Career Skills</li> </ul> <p><b>21<sup>st</sup> Century Themes</b> (as applies to content area):</p> <ul style="list-style-type: none"> <li>● Financial, Economic, Business, and Entrepreneurial Literacy</li> <li>● Civic Literacy</li> </ul>
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### **Addendum to AP Macroeconomics Course of Study 21 Century Life and Career Competencies**

The Advanced Placement Macroeconomics (AP Macro) class addresses the curricular competencies for 21st Century Life and Career ready practices. These are “the career-ready skills that all educators in all content areas should seek to develop in their students. They are practices that have been linked to increased college, career, and life success. Career Ready Practices should be taught and reinforced in all career exploration and preparation programs with increasingly higher levels of complexity and expectation as a student advances through a program of study.” AP Macro prepares students to master financial literacy and macroeconomics, respectively, as well as allowing students the opportunity to explore various career paths related to business, finance, and economic policy making.

This addendum highlights select 21st Century Life and Career competencies that are addressed throughout parts of the AP Macroeconomics curricula.

#### **21st Century Career Ready Practices**

**CRP1. Act as a responsible and contributing citizen and employee.**

**CRP2. Apply appropriate academic and technical skills.**

**CRP4. Communicate clearly and effectively and with reason.**

**CRP5. Consider the environmental, social and economic impacts of decisions.**

**CRP6. Demonstrate creativity and innovation.**

**CRP7. Employ valid and reliable research strategies.**

**CRP8. Utilize critical thinking to make sense of problems and persevere in solving them.**

**CRP9. Model integrity, ethical leadership and effective management.**

**CRP10. Plan education and career paths aligned to personal goals.**

**CRP11. Use technology to enhance productivity.**

**CRP12. Work productively in teams while using cultural global competence.**

## **9.2 CAREER AWARENESS, EXPLORATION, AND PREPARATION**

### **CONTENT AREA: 21st CENTURY LIFE AND CAREERS**

#### **STRAND C:**

Standard Statement: By the end of Grade 12, students will be able to:

- 9.2.12.C.1 Review career goals and determine steps necessary for attainment.
- 9.2.12.C.2 Modify Personalized Student Learning Plans to support declared career goals.
- 9.2.12.C.3 Identify transferable career skills and design alternate career plans.
- 9.2.12.C.4 Analyze how economic conditions and societal changes influence employment trends and future education.
- 9.2.12.C.5 Research career opportunities in the United States and abroad that require knowledge of world languages and diverse cultures.
- 9.2.12.C.6 Investigate entrepreneurship opportunities as options for career planning and identify the knowledge, skills, abilities, and resources required for owning and managing a business.
- 9.2.12.C.7 Examine the professional, legal, and ethical responsibilities for both employers and employees in the global workplace.
- 9.2.12.C.8 Assess the impact of litigation and court decisions on employment laws and practices.
- 9.2.12.C.9 Analyze the correlation between personal and financial behavior and employability.

#### **Instructional Strategies:**

<b>Supports for English Language Learners:</b>	<b>Differentiation Strategies:</b>		
	<b>Accommodations</b>	<b>Interventions</b>	<b>Modifications</b>
	Allow for verbal responses	Multi-sensory techniques	Modified tasks/ expectations
Repeat/confirm	Increase task	Differentiated	

Sensory Supports	Graphic Supports	Interactive Supports
Real-life objects (realia)	Charts	In pairs or partners
Manipulatives	Graphic organizers	In triads or small groups
Pictures & photographs	Tables	In a whole group
Illustrations, diagrams, & drawings	Graphs	Using cooperative group structures
Magazines & newspapers	Timelines	With the Internet (websites) or software programs
Physical activities	Number lines	In the home language
Videos & films		With mentors
Broadcasts		
Models & figures		

from <https://wida.wisc.edu>

directions	structure (e.g., directions, checks for understanding, feedback)	materials
Permit response provided via computer or electronic device	Increase opportunities to engage in active academic responding (e.g., writing, reading aloud, answering questions in class)	Individualized assessment tools based on student need
Audio Books	Utilize prereading strategies and activities: previews, anticipatory guides, and semantic mapping	Modified assessment grading