



## **Grade 12 AP Macroeconomics** **COURSE SYLLABUS**

**GRADE LEVEL:** 12 Macroeconomics

**SCHOOL YEAR:** 2024-2025

**TEACHER:** Mr. Gerhard Victor

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### **COURSE DESCRIPTION:**

An AP course in Macroeconomics is designed to give students a thorough understanding of the principles of Economics that apply to an economic system as a whole. Such a course places particular emphasis on the study of national income and price determination, and also develops the student's familiarity with economic performance measures, economic growth, and international economics.

### **COURSE OBJECTIVES:**

1. Provide necessary support for students to be successful in mainstream classes.
2. Facilitate the acquisition of literacy skills necessary to function well in all academic subjects.
3. Foster student engagement in reading to build habits and skills
4. Provide practice in the use of correct sentence structures both in oral and written contexts.
5. Encourage risk-taking and self-directed learning within a safe and supportive environment.

### **TEACHING STRATEGIES:**

1. Class discussion: Emphasis will be placed on the importance of considering different approaches and viewpoints.
2. Critical thinking and the linking of theoretical knowledge with current events in the Global Economy will be encouraged.
3. Assignments and exams: Each week, at the end of the week there will be an evaluation of the week's work. Students will work in teams to create quiz questions, prepare presentations or answer questions about the work covered.
4. Homework from past papers will be assigned and evaluated.
5. Should students need to pay attention to certain sections in greater detail, time at the end of the school day will be set aside for this purpose.

### **ASSESSMENT:**

Grades will be computed following the school policy of 10% Department; 30% Homework mostly done in MyEconlab; 30% Quizzes and Projects; and 30% Quarter Exam plus 10% for Department. There will be opportunities for students to show their learning through individual and group writing and oral activities during class. The following assessment tools will be used to evaluate performance every week:

- Various writing assignments.
- Quizzes and Quarter Tests.
- Peer or group evaluation.
- My Lab and Mastering (online resource that accompanies the primary text.)

### **PRIMARY TEXTBOOK & OTHER RESOURCES**

**Foundations of Economics**, Robin Bade and Michael Parkin, International Edition 2021.

Notes and news articles from resources such as The Economist, The New York Times, CNN Business, and Time magazine will be handed out during the course of the semester. Students should read external resources to stay ahead of economic developments in the US and worldwide.

### **ADDITIONAL INFORMATION**

#### **Technology Resources**

- My Lab and Mastering (online resource)
- Downloaded news items and articles from the Internet
- College Board Classroom

#### **Exam Preparation Resource**

5 Steps to a 5 Mc Graw Hill Books (2021)

***Please note: this syllabus may change according to students' needs and College Board requirements.***

### **Classroom Expectations**

1. Be on time to class.
2. Do not enter the classroom unless a teacher is inside.
3. Wear your uniform neatly.
4. Use English at all times.
5. Come prepared with books, assignments, and supplies.
6. No gum, food or drink (a sealable water bottle is okay) is allowed.
7. Be respectful of others (especially when speaking), and of school property.
8. Ask permission before leaving the class.
9. Wait for the teacher to signal dismissal before you leave class.

**Academic Dishonesty** means employing a method or technique or engaging in conduct in an academic endeavor that contravenes the standards of ethical integrity expected at DIS. Academic dishonesty includes but is not limited to, the following:

1. Purposely incorporating the ideas, words of sentences, paragraphs, or parts thereof without appropriate acknowledgment and representing the product as one's own work; and
2. Representing another's intellectual work such as photographs, paintings, drawings, sculpture, or research or the like as one's own, including failure to attribute content to an AI.
3. Employing a tutor, making use of Artificial Intelligence without acknowledgement, getting a parent to write a paper or do an assignment, paying for an essay to be written by someone else and presented as the student's own work.
4. Committing any act that a reasonable person would conclude, when informed of the evidence, to be a dishonest means of obtaining or attempting to obtain credit for academic work.

**Any act of academic dishonesty will result in an automatic zero on the entire assignment.**

## **SUBJECT: Gr.12 AP Macroeconomics**

### **1st QUARTER – TENTATIVE COURSE CONTENT**

*(NB: Depending on time and interest, the teacher may delete and/or add other selections.)*

Week / Date	Topic / Projects / Assessments
<p><b>Week 1</b>  <b>Aug 12<sup>th</sup> to 16<sup>th</sup></b>  <b>4 Days of Class</b>            12~ First Day / Orientation Day            15~ Opening Mass &amp; Assumption                of Our Lady 8:00            15~ Induction of Class, Student                Council Officers and DYM</p>	<p><b>Getting Started.</b>  <b>Making and Using Graphs.</b></p> <ol style="list-style-type: none"> <li>1. Define economics and explain the meaning of Scarcity. Discuss the “how” and “what” and “for whom”. Contrast and discuss the difference between “self interest” and “social interest”.</li> <li>2. Explain the core idea that defines the economic way of thinking. Definition: rational choice, opportunity cost, benefit. marginal cost and marginal benefit. Role of incentive in making rational choices.</li> <li>3. Distinguish between Macro and Micro economics and discuss what subjects each studies.</li> <li>4. Explain the difference between positive and normative statements.</li> <li>5. Define Ceteris Paribus and explain why it is used in economics models.</li> <li>6. Discuss what it means for two variables to be correlated.</li> <li>7. Exercises True or False, Multiple Choice. Short and long response.</li> </ol>
<p><b>Week 2</b>  <b>Aug 19<sup>th</sup> to 23<sup>rd</sup></b></p>	
<p><b>Week 3</b>  <b>Aug 26<sup>st</sup> to 30<sup>th</sup></b>            26~Fire drill?            26~Middle and High School            Catholic Bridge Program (after                assembly)            28~St. Dominic de Guzman Feast                Day Celebration</p>	<p><b>The U.S. and Global Economies.</b></p> <ol style="list-style-type: none"> <li>1. Discussion about what, how and for whom goods and services are produced in the United States.</li> <li>2. Explanation about consumption, investment and government goods, services and exports.</li> <li>3. Discuss four factors of production.</li> <li>4. Distinguish between the functional and personal distributions of income.</li> </ol>

	<ol style="list-style-type: none"> <li>5. Circular flow model, provides a picture of how households, firms and Government interact. What is bought and sold in the goods Market and in the factor Market. Draw the circular flow model with the government added.</li> <li>6. State the main expenditures and sources of tax revenue for the federal government.</li> <li>7. State the main expenditures and sources of tax revenue for state and local government.</li> <li>8. Distinguish between advanced economies and emerging markets and developing economies and give examples of each.</li> <li>9. Discuss differences and similarities across the different types of economies.</li> </ol>
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<p style="text-align: center;"><b>Week 4</b> <b>Sep 2<sup>nd</sup> to 6<sup>th</sup></b> <i>2~House Ceremony</i></p>	<p><b>The economic problem.</b></p> <ol style="list-style-type: none"> <li>1. Definition and use the production possibilities frontier(PPF) to illustrate the economic problem. Relationship between the PPF and the available factors of production and technology.</li> <li>2. State which production points are attainable and which are unattainable.</li> <li>3. Discuss a tradeoff and a free lunch.</li> <li>4. Measure opportunity cost along the PPF.</li> <li>5. Explain why opportunity costs increase and tell how this affects the shape of the PPF.</li> <li>6. What makes production possibilities expand.</li> <li>7. Explain how people gain from specialization and trade.</li> </ol>
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<p style="text-align: center;"><b>Week 5</b> <b>Sep 9<sup>th</sup> to 13<sup>th</sup></b> <i>9~ Mass &amp; Birthday Mother Mary &amp; VIP Induction</i></p>	<p><b>Supply and Demand</b></p> <ol style="list-style-type: none"> <li>1. Definition of quantity demanded.</li> <li>2. State and explain the law of demand.</li> <li>3. Define demand, demand schedule and demand curve.</li> <li>4. Illustrate the law of demand using a demand schedule and a demand curve.</li> <li>5. Explanation of Market Demand.</li> <li>6. Derive the market demand curve from individual demand curves.</li> <li>7. Definition and explanation of substitute and complement.</li> <li>8. Define an example of a normal good and an inferior good.</li> <li>9. Distinguish between a change in the quantity demanded and a change in demand.</li> <li>10. Define the quantity supplied.</li> <li>11. State and explain the law of supply.</li> <li>12. Define supply schedule, and supply curve.</li> <li>13. Illustrate the law of supply using a supply schedule and supply curve.</li> </ol>
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<p style="text-align: center;"><b>Week 6</b> <b>Sep 16<sup>th</sup> to 20<sup>th</sup></b> <b><u>1 Day of Class</u></b></p>
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17~Moon Festival  
18-20~ Teacher's Conference

**Week 7**  
**Sep 23<sup>rd</sup> to 27<sup>th</sup>**  
24-26~Pre-Exam Days

## Measurements of Economic Performance

### 1. Define GDP and explain why the value of production, income, and expenditure are the same for an economy.

#### A. GDP Defined

1. Value Produced
2. What Produced
3. Where Produced
4. When Produced

#### B. Circular Flows in the U.S. Economy

1. Consumption Expenditure
2. Investment
3. Government Expenditure on Goods and Services
4. Net Exports of Goods and Services
5. Total Expenditure
6. Income

#### C. Expenditure Equals Income

### 2. Describe how economic statisticians measure GDP and distinguish between nominal and real GDP.

#### A. The Expenditure Approach

1. Expenditures Not in GDP

#### B. The Income Approach

1. Wage Income
2. Interest, Rent, and Profit Income
3. From Factor Cost to Market Price
4. From Net to Gross
5. Statistical Discrepancy

#### C. GDP and Related Measures of Production and Income

1. Gross National Product
2. Disposable Personal Income

#### D. Real GDP and Nominal GDP

#### E. Calculating Real GDP

#### F. Using the Real GDP Numbers

**Week 8**  
**Sep 30<sup>th</sup> to Oct 4<sup>th</sup>**

**Week 9**  
**Oct 7<sup>th</sup> to 11<sup>th</sup>**

### **1 Day of Class**

7~Launching - Rosary Month and  
Bullying Prevention Day  
8-9 ~Q1 Exams  
10~Double Ten  
11~Record Day

## 2<sup>nd</sup> QUARTER – TENTATIVE COURSE CONTENT

*(NB: Depending on time and interest, the teacher may delete and/or add other selections.)*

Week / Date	Topic / Projects / Assessments
<p><b>Week 1 (10)</b>  <b>Oct 14th to 18<sup>th</sup></b>  <i>14~ Second Quarter Begins</i></p>	<p><b>Measurement of Economic Performance</b></p> <p><b>Real GDP</b></p> <p><b>Describe the uses of real GDP and explain its limitations as a measure of the standard of living.</b></p> <ol style="list-style-type: none"> <li>A. The Standard of Living Over Time</li> <li>B. Tracking the Course of the Business Cycle</li> <li>C. The Standard of Living Among Countries</li> <li>D. Goods and Services Omitted from GDP               <ol style="list-style-type: none"> <li>1. Household Production</li> <li>2. Underground Production</li> <li>3. Leisure Time</li> <li>4. Environment Quality</li> </ol> </li> <li>E. Other Influences on the Standard of Living               <ol style="list-style-type: none"> <li>1. Health and Life Expectancy</li> <li>2. Political Freedom and Social Justice</li> </ol> </li> </ol> <p><b>Calculating GDP</b></p> <ol style="list-style-type: none"> <li>A. The Problem With Base-Year Prices</li> <li>B. Value Production in the Prices of Adjacent Years</li> <li>C. Find the Average of the Two Percentage Changes</li> <li>D. Link (Chain) Back to the Base Year</li> </ol>
<p><b>Week 2 (11)</b>  <b>Oct 21<sup>st</sup> to 25<sup>th</sup></b>  <i>25 – Book Fair</i>  <i>25- Masquerade Night</i></p>	<p><b>Measurement of Economic Performance - Unemployment</b></p> <p><b>1. Define the unemployment rate and other labor market indicators.</b></p> <ol style="list-style-type: none"> <li>A. Current Population Survey</li> <li>B. Population Survey Criteria</li> <li>C. Two Main Labor Market Indicators               <ol style="list-style-type: none"> <li>1. The Unemployment Rate</li> <li>2. The Labor Force Participation Rate</li> </ol> </li> <li>D. Alternative Measures of Unemployment               <ol style="list-style-type: none"> <li>1. Marginally Attached Workers</li> <li>2. Part-Time Workers</li> </ol> </li> </ol>
<p><b>Week 3 (12)</b>  <b>Oct 28<sup>th</sup> to Nov 1<sup>st</sup></b>  <i>1-All Saints Day Mass</i></p>	
<p><b>Week 4 (13)</b>  <b>Nov 4<sup>th</sup> to Nov 8<sup>th</sup></b></p>	<p><b>2. Describe the sources and types of unemployment, define full employment, and explain the link between unemployment and real GDP.</b></p>

	<p>A. Sources of Unemployment</p> <ol style="list-style-type: none"> <li>1. Job Losers</li> <li>2. Job Leavers</li> <li>3. Entrants and Reentrants</li> <li>4. Hires and Recalls</li> <li>5. Withdrawals</li> </ol> <p>B. Types of Unemployment</p> <ol style="list-style-type: none"> <li>1. Frictional Unemployment</li> <li>2. Structural Unemployment</li> <li>3. Seasonal Unemployment</li> <li>4. Cyclical Unemployment</li> </ol> <p>C. Full Employment</p> <p>D. Unemployment and Real GDP</p> <p>Tasks: Chapter 21 in the Practice Book Multiple choice questions Quiz</p>
<b>Week 5 (14)</b> Nov 11 <sup>th</sup> to 15 <sup>th</sup>	
<b>Week 6 (15)</b> Nov 18 <sup>th</sup> to 22 <sup>nd</sup> <i>22-Gr.12 Q2 Exam</i> <i>22 -YSC Contest</i>	Gr 12 Q2 Exam
<b>Week 7 (16)</b> Nov 25 <sup>th</sup> to 29 <sup>th</sup> <i>25-Gr.12 Q2 Exam</i> <i>26-28-Pre-Exam Day</i>	Gr 12 Q2 Exam
<b>Week 8 (17)</b> Dec 2 <sup>nd</sup> to Dec 6 <sup>th</sup> <b><u>6~Half Day</u></b> <i>Foundation Day Celebrations</i>	N/A
<b>Week 9 (18)</b> Dec 9 <sup>th</sup> to 13 <sup>th</sup> <b><u>3 Days of Class</u></b> <i>12-13 ~ Q2 Exams</i>	N/A
<b>Dec 16<sup>th</sup> to Jan 3<sup>rd</sup></b>	<b>Christmas Break</b>

### 3rd QUARTER – TENTATIVE COURSE CONTENT

*(NB: Depending on time and interest, the teacher may delete and/or add other selections.)*

Week / Date	Topic / Projects / Assessments
<b>Week 1 (19)</b> <b>Jan 6<sup>th</sup> to 10<sup>th</sup></b> <b><u>4 Days of Class</u></b> <i>6~Record Day</i> <i>7~Third Quarter Begins</i> <i>10 ~ New Year Mass</i>	<b>Measurement of Economic Performance</b> <ol style="list-style-type: none"> <li><b>1. Explain what the Consumer Price Index (CPI) is and how it is calculated.</b> <ol style="list-style-type: none"> <li>A. Reading the CPI Numbers</li> </ol> </li> </ol>

- B. Constructing the CPI
- C. The CPI Market Basket
- D. The Monthly Price Survey
- E. Calculating the CPI
- F. Measuring Inflation and Deflation

**2. Explain the limitations of the CPI and describe other measures of the price level.**

- A. Sources of Bias in the CPI
  - 1. New Goods Bias
  - 2. Quality Change Bias
  - 3. Commodity Substitution Bias
  - 4. Outlet Substitution Bias
- B. The Magnitude of the Bias
- C. Two Consequences of the CPI Bias
  - 1. Distortion of Private Contracts
  - 2. Increases in Government Outlays and Decreases in Taxes
- D. Alternative Measures of the Price Level and Inflation Rate
  - 1. GDP Price Index
  - 2. Personal Consumption Expenditures (PCE) Price Index
  - 3. PCE Price Index Excluding Food and Energy

**3. Adjust money values for inflation and calculate real wage rates and real interest rates.**

- A. Dollars and Cents at Different Dates
- B. Nominal and Real Values in Macroeconomics
- C. Nominal GDP and Real GDP
- D. Nominal Wage Rate and Real Wage Rate
- E. Nominal Interest Rate and Real Interest Rate

**Week 2 (20)  
Jan 13<sup>th</sup> to 17<sup>th</sup>**

**Measurement of Economic Performance**

**1. Explain what determines potential GDP.**

- A. The Three Main Schools of Thought
  - 1. Classical Macroeconomics
  - 2. Keynesian Macroeconomics
  - 3. Monetarist Macroeconomics
- B. Today's Consensus
- C. The Road Ahead
- D. Potential GDP
- E. The Production Function
- F. The Labor Market
  - 1. The Demand for Labor
  - 2. The Supply of Labor
  - 3. Labor Market Equilibrium
  - 4. Full Employment and Potential GDP

**2. Explain what determines the natural unemployment rate.**



	<ul style="list-style-type: none"> <li>A. Job Search <ul style="list-style-type: none"> <li>1. Demographic Change</li> <li>2. Unemployment Benefits</li> <li>3. Structural Change</li> </ul> </li> <li>B. Job Rationing <ul style="list-style-type: none"> <li>1. Efficiency Wage</li> <li>2. The Minimum Wage</li> <li>3. Union Wage</li> <li>4. Job Rationing and Unemployment</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Week 3 (21)</b> <b>Jan 20<sup>th</sup> to 24<sup>th</sup></b></p>	<p><b>Economic Growth and Productivity</b></p> <ul style="list-style-type: none"> <li><b>1. Define and calculate the economic growth rate, and explain the implications of sustained growth.</b> <ul style="list-style-type: none"> <li>A. Calculating Growth Rates</li> <li>B. The Magic of Sustained Growth</li> </ul> </li> <li><b>2. Identify the main sources of economic growth.</b> <ul style="list-style-type: none"> <li>A. Quantity of Labor</li> <li>B. Labor Productivity <ul style="list-style-type: none"> <li>1. Saving and Investment in Physical Capital</li> <li>2. Expansion of Human Capital</li> <li>3. Discovery of New Technologies</li> </ul> </li> <li>C. Sources of Growth: A Summary</li> </ul> </li> <li><b>3. Review the theories of economic growth that explain why growth rates vary over time and across countries.</b> <ul style="list-style-type: none"> <li>A. Classical Growth Theory <ul style="list-style-type: none"> <li>1. Illustrating the Classical Growth Theory</li> </ul> </li> <li>B. Neoclassical Growth Theory</li> <li>C. New Growth Theory <ul style="list-style-type: none"> <li>1. Choices and Innovation</li> </ul> </li> <li>D. Illustrating the Effects of Labor Productivity Growth <ul style="list-style-type: none"> <li>1. Perpetual Motion</li> </ul> </li> </ul> </li> </ul>
<p style="text-align: center;"><b>Jan 27<sup>th</sup> to Jan 31<sup>st</sup></b></p>	<p style="text-align: center;"><b>Chinese New Year</b></p>
<p style="text-align: center;"><b>Week 4 (22)</b> <b>Feb 3<sup>rd</sup> to 7<sup>th</sup></b></p>	

	<p><b>Economic Growth and Productivity</b></p> <p><b>1. Describe the financial market and the key financial institutions.</b></p> <ul style="list-style-type: none"> <li>A. Some Finance Definitions <ul style="list-style-type: none"> <li>1. Finance and Money</li> <li>2. Capital: Physical and Financial</li> <li>3. Investment, Capital, Wealth, and Saving</li> </ul> </li> <li>B. Markets for Financial Capital <ul style="list-style-type: none"> <li>1. Loan Markets</li> <li>2. Bond Markets</li> <li>3. Stock Markets</li> </ul> </li> <li>C. Financial Institutions <ul style="list-style-type: none"> <li>1. Investment Banks</li> <li>2. Commercial Banks</li> <li>3. Government-Sponsored Mortgage Lenders</li> <li>4. Pension Funds</li> <li>5. Insurance Companies</li> </ul> </li> <li>D. Insolvency and Illiquidity</li> <li>E. Interest Rates and Asset Prices</li> </ul>
<p><b>Week 5 (23)</b>  <b>Feb 10<sup>th</sup> to 14<sup>th</sup></b>  1-14~Catholic Week</p>	<p><b>Finance, Saving and Investment</b></p> <p><b>1. Explain how borrowing and lending decisions are made and how these decisions interact in the market for loanable funds.</b></p> <ul style="list-style-type: none"> <li>A. Flows in the Market for Loanable Funds</li> <li>B. The Demand for Loanable Funds <ul style="list-style-type: none"> <li>1. Demand for Loanable Funds Curve</li> <li>2. Changes in the Demand for Loanable Funds</li> </ul> </li> <li>C. The Supply of Loanable Funds <ul style="list-style-type: none"> <li>1. The Supply of Loanable Funds Curve</li> <li>2. Changes in the Supply of Loanable Funds</li> <li>3. Shifts of the Supply of Loanable Funds Curve</li> </ul> </li> <li>D. Equilibrium in the Market for Loanable Funds</li> <li>E. Changes in Demand and Supply</li> </ul> <p><b>2. Explain how a government budget surplus or deficit influences the real interest rate, investment, and saving.</b></p> <ul style="list-style-type: none"> <li>A. A Government Budget Surplus</li> <li>B. A Government Budget Deficit <ul style="list-style-type: none"> <li>1. The Ricardo-Barro Effect</li> </ul> </li> </ul>
<p><b>Week 6 (24)</b>  <b>Feb 17<sup>th</sup> to 21<sup>st</sup></b></p>	<p><b>The Monetary System</b></p> <p><b>1. Define money and describe its functions.</b></p> <ul style="list-style-type: none"> <li>A. Definition of Money <ul style="list-style-type: none"> <li>1. A Commodity or Token</li> <li>2. Generally Accepted</li> <li>3. Means of Payment</li> </ul> </li> <li>B. The Functions of Money <ul style="list-style-type: none"> <li>1. Medium of Exchange</li> </ul> </li> </ul>

2. Unit of Account
3. Store of Value
- C. Money Today
  1. Currency
  2. Deposits
  3. Currency Inside the Banks Is Not Money
- D. Official Measures of Money: M1 and M2
  1. Are M1 and M2 Means of Payment?
- E. Checks, Credit Cards, Debit Cards, and E-Checks
  1. Checks
  2. Credit Cards
  3. Debit Cards
  4. E-Checks
- F. An Embryonic New Money: E-Cash

**2. Describe the functions of banks.**

- A. Commercial Banks
  1. Bank Deposits
  2. Profit and Risk: A Balancing Act
  3. Reserves
  4. Liquid Assets
  5. Securities and Loans
  6. Bank Deposits, Other Borrowing, and Assets: The Relative Magnitudes
- B. Thrift Institutions
- C. Money Market Funds

**3. Describe the functions of the Federal Reserve System (the Fed).**

- A. The Structure of the Federal Reserve
  1. The Chairman of the Board of Governors
  2. The Board of Governors
  3. The Regional Federal Reserve Banks
  4. The Federal Open Market Committee
- B. The Fed's Policy Tools
  1. Required Reserve Ratios
  2. Discount Rate
  3. Open Market Operations
  4. Extraordinary Crisis Measures
- C. How the Fed's Policy Tools Work

**4. Explain how banks create money and how the Fed controls the quantity of money.**

- A. Creating Deposits By Making Loans
  1. The Monetary Base
  2. Desired Reserves

- 3. Desired Currency Holding
- B. How Open Market Operations Change the Monetary Base
  - 1. The Fed Buys Securities
  - 2. The Fed Sells Securities
- C. The Multiplier Effect of an Open Market Operation
- D. The Money Multiplier

### Money Interest and Inflation

**1. Explain what determines the demand for money and how the demand for money and the supply of money determine the nominal interest rate.**

- A. The Real Economy
- B. The Money Economy
- C. Real and Money Interactions and Policy
- D. The Demand for Money
  - 1. Benefit of Holding Money
  - 2. Opportunity Cost of Holding Money
  - 3. Opportunity Cost: *Nominal* Interest is a *Real* Cost
  - 4. The Demand for Money Schedule and Curve
- E. Changes in the Demand for Money
  - 1. The Price Level
  - 2. Real GDP
  - 3. Financial Technology
- F. The Supply of Money
- G. The Nominal Interest Rate
- H. Changing the Interest Rate

**2. Explain how in the long run, the quantity of money determines the price level and money growth brings inflation.**

- A. The Money Market in the Long Run
  - 1. The Long-Run Demand for Money
  - 2. The Value of Money
  - 3. Money Market Equilibrium in the Long Run
- B. A Change in the Quantity of Money
- C. The Price Level in a Baby-Sitting Club
- D. The Quantity Theory of Money
  - 1. The Velocity of Circulation and Equation of Exchange
  - 2. The Quantity Theory Prediction
- E. Inflation and the Quantity Theory of Money
  - 1. Constant Inflation
  - 2. A Change in the Inflation Rate
- F. Hyperinflation

**3. Identify the costs of inflation and the benefits of a stable value of money.**

**Week 7 (25)**  
**Feb 24<sup>th</sup> to 28<sup>th</sup>**

**4 Days of Class**

24~Lenten Mass?

25-27 ~ Pre-Exam Days

24-27~IOWA Assessments

28 ~ Memorial Day Holiday

	<ul style="list-style-type: none"> <li>A. Tax Costs <ul style="list-style-type: none"> <li>1. Inflation Is a Tax</li> <li>2. Inflation, Saving, and Investment</li> </ul> </li> <li>B. Shoe-Leather Costs</li> <li>C. Confusion Costs</li> <li>D. Uncertainty Costs</li> <li>E. How Big Is the Cost of Inflation?</li> </ul>
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<p style="text-align: center;"> <b>Week 8 (26)</b>  <b>March 3<sup>rd</sup> to 7<sup>th</sup></b>  <i>5~ Ash Wednesday</i> </p>	<p><b>Aggregate Supply and Aggregate Demand</b></p> <p><b>1. Define and explain the influences on aggregate supply.</b></p> <ul style="list-style-type: none"> <li>A. Aggregate Supply Basics <ul style="list-style-type: none"> <li>1. Why the AS Curve Slopes Upward <ul style="list-style-type: none"> <li>a. Change in Output Rate</li> <li>b. Temporary Shutdowns and Restarts</li> <li>c. Business Failure and Startup</li> </ul> </li> </ul> </li> <li>B. Changes in Aggregate Supply <ul style="list-style-type: none"> <li>1. Change in Potential GDP</li> <li>2. Change in Money Wage Rate</li> <li>3. Change in Money Price of Other Resource Prices</li> </ul> </li> </ul> <p><b>2. Define and explain the influences on aggregate demand.</b></p> <ul style="list-style-type: none"> <li>A. Aggregate Demand Basics <ul style="list-style-type: none"> <li>1. The Buying Power of Money</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2. The Real Interest Rate</li> <li>3. The Real Prices of Exports and Imports</li> <li>B. Changes in Aggregate Demand <ul style="list-style-type: none"> <li>1. Expectations</li> <li>2. Fiscal Policy and Monetary Policy</li> <li>3. The World Economy</li> </ul> </li> <li>C. The Aggregate Demand Multiplier</li> </ul> <p><b>3. Explain how fluctuations in aggregate demand and aggregate supply create the business cycle.</b></p> <ul style="list-style-type: none"> <li>A. Aggregate Demand Fluctuations</li> <li>B. Adjustment Toward Full Employment</li> <li>C. Aggregate Supply Fluctuations</li> <li>D. Deflation and Great Depression</li> </ul>
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<p style="text-align: center;"> <b>Week 9 (27)</b>  <b>March 10<sup>th</sup> to 14<sup>th</sup></b>  <u><b>4 Days of Class</b></u>  <i>14 – Q3 Exams</i> </p>	<p><b>Aggregate Expenditure Multiplier</b></p> <p><b>1. Distinguish between autonomous expenditure and induced expenditure and explain how real GDP influences expenditure plans.</b></p>
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	<p>A. The Consumption Function</p> <ol style="list-style-type: none"> <li>1. Consumption Plans</li> <li>2. Marginal Propensity to Consume</li> <li>3. Other Influences on Consumption Expenditures</li> </ol> <p>B. Imports and GDP</p> <p><b>2.Explain how real GDP adjusts to achieve equilibrium expenditure.</b></p> <p>A. Aggregate Planned Expenditure and Real GDP</p> <p>B. Equilibrium Expenditure</p> <p>C. Convergence to Equilibrium</p> <ol style="list-style-type: none"> <li>1. Convergence from Below Equilibrium</li> <li>2. Convergence from Above Equilibrium</li> </ol> <p><b>3.Explain the expenditure multiplier.</b></p> <p>A. The Basic Idea of the Multiplier</p> <p>B. The Size of the Multiplier</p> <p>C. The Multiplier and the MPC</p> <p>D. The Multiplier, Imports and Income Taxes</p> <p>E. Business-Cycle Turning Points</p> <p><b>4.Derive the AD curve from equilibrium expenditure.</b></p> <p>A. Deriving the AD Curve from Equilibrium Expenditure</p>
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**4th QUARTER – TENTATIVE COURSE CONTENT**

<i>(NB: Depending on time and interest, the teacher may delete and/or add other selections.)</i>	
Week / Date	Topic / Projects / Assessments
<p><b>Week 1 (28)</b>  <b>March 17<sup>th</sup> 21<sup>st</sup></b>  <u><b>4 Days of Class</b></u>  17 – Q3 Exams  18~ Fourth Quarter Begins  18~ Fire Drill?  19~ Feast of St. Joseph</p>	<p><b>The Short-Run Policy Tradeoff</b></p> <p><b>1. Describe the short-run tradeoff between inflation and unemployment.</b></p> <p>A. The Short-Run Phillips Curve</p> <p>B. Aggregate Supply and the Short-Run Phillips Curve</p> <ol style="list-style-type: none"> <li>1. Unemployment and Real GDP</li> <li>2. Inflation and the Price Level</li> <li>3. Aggregate Demand Fluctuations</li> </ol> <p>C. Why Bother with the Phillips Curve?</p> <p><b>2. Distinguish between the short-run and the long-run Phillips curves and describe the shifting tradeoff between inflation and unemployment.</b></p> <p>A. The Long-Run Phillips Curve</p> <p>B. Expected Inflation</p> <p>C. The Natural Rate Hypothesis</p> <p>D. Changes in the Natural Unemployment Rate</p>

	<p>E. Have Changes in the Natural Unemployment Rate Changed the Tradeoff?</p> <p><b>3. Explain how the Fed can influence the expected inflation rate and how expected inflation influences the short-run tradeoff.</b></p> <p>A. What Determines the Expected Inflation Rate?</p> <p>B. What Can Policy Do to Lower Expected Inflation?</p> <ol style="list-style-type: none"> <li>1. A Surprise Inflation Reduction</li> <li>2. A Credible Announced Inflation Reduction</li> <li>3. Inflation Reduction in Practice</li> </ol>
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<p><b>Week 2 (29)</b> <b>March 24<sup>th</sup> to 28<sup>th</sup></b></p>	<p><b>Fiscal Policy</b></p> <p><b>1. Describe the federal budget process and the recent history of revenues, outlays, deficits, and debts.</b></p> <p>A. The Institutions and Laws</p> <ol style="list-style-type: none"> <li>1. The Roles of the President and Congress</li> </ol> <p>B. Budget Surplus, Deficit</p> <p>C. Surplus, Deficit and Debt</p> <ol style="list-style-type: none"> <li>1. Personal Analogy</li> </ol> <p>D. The Federal Budget in 2010</p> <p><b>2. Explain the demand-side effects of fiscal policy on employment and real GDP.</b></p> <p>A. Schools of Thought and Cracks in Today's Consensus</p> <ol style="list-style-type: none"> <li>1. The Keynesian View</li> <li>2. The Mainstream View</li> </ol> <p>B. Fiscal Policy and Aggregate Demand</p> <ol style="list-style-type: none"> <li>1. The Government Expenditure Multiplier</li> <li>2. The Tax Multiplier</li> <li>3. The Transfer Payments Multiplier</li> <li>4. The Balanced Budget Multiplier</li> </ol> <p>C. A Successful Fiscal Stimulus</p> <p>D. A Successful Contractionary Fiscal Policy</p> <p>E. Automatic and Discretionary Fiscal Stimulus</p> <ol style="list-style-type: none"> <li>1. Automatic Fiscal Policy</li> <li>2. Discretionary Fiscal Policy</li> </ol> <p>F. Automatic Fiscal Policy</p> <ol style="list-style-type: none"> <li>1. Induced Taxes</li> <li>2. Needs-Tested Spending</li> </ol> <p>G. Discretionary Fiscal Policy</p> <ol style="list-style-type: none"> <li>1. Law-Making Time Lag</li> <li>2. Shrinking Area of Law-Maker Discretion</li> <li>3. Estimating Potential GDP</li> <li>4. Economic Forecasting</li> </ol>
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- 3. Explain the supply-side effects of fiscal policy on employment, potential GDP, and the economic growth rate.**
  - A. Full Employment and Potential GDP
  - B. Fiscal Policy, Employment, and Potential GDP
    1. Public Goods and Productivity
    2. Taxes and Incentives
  - C. Fiscal Policy and Potential GDP: A Graphical Analysis
    1. Full Employment With No Income Tax
    2. The Effects of the Income Tax
    3. Changes in the Tax Rate
  - D. Taxes, Deficits, and Economic Growth
    1. Interest Rate Tax Wedge
    2. Deficits and Crowding Out
  - E. The Supply-Side Debate
  - F. Combined Demand-Side and Supply-Side Effects
  - G. Long-Run Fiscal Policy Effects

## Monetary Policy

- 1. Describe the objectives of U.S. monetary policy, the framework for achieving them, and the Fed's monetary policy actions.**
  - A. Monetary Policy Objectives
    1. Federal Reserve Act
    2. Goals and Means
    3. Goals of Monetary Policy
    4. Means for Achieving the Goals
    5. Prerequisite for Achieving the Goals
  - B. Operational "Maximum Employment" Goal
  - C. Operational "Stable Prices" Goal
  - D. Responsibility for Monetary Policy
    1. The Role of the Fed
    2. The Role of Congress
    3. The Role of the President
  - E. Choosing a Policy Instrument
  - F. The Federal Funds Rate
  - G. The Fed's Decision-Making Strategy
    1. Instrument Rule
    2. Targeting Rule
  - H. Hitting the Federal Funds Rate Target
  - I. Restoring Financial Stability in a Financial Crisis
- 2. Explain the transmission channels through which the Fed influences real GDP and the inflation rate.**
  - A. Quick Overview

**Week 3 (30)**  
**March 31<sup>st</sup> to April 4<sup>th</sup>**  
**4 Days of Class**  
 4~Tomb Sweeping



- B. Interest Rate Changes
- C. Exchange Rate Changes
- D. Money and Bank Loans
- E. The Long-Term Real Interest Rate
- F. Expenditure Plans
- G. The Fed Fights Recession
- H. The Fed Fights Inflation
- I. Loose Links and Long and Variable Lags
  - 1. Loose Links from Federal Funds Rate to Spending
  - 2. Time Lags in the Adjustment Process
- J. A Final Reality Check

**3. Explain and compare alternative monetary policy strategies.**

- A. Why Rules?
- B. Inflation Targeting Rule
- C. Money Targeting Rule

**International Finance**

**1. Describe a country's balance of payments accounts and explain what determines the amount of international borrowing and lending.**

- A. Balance of Payments Accounts
  - 1. Personal Analogy
- B. Borrowers and Lenders, Debtors and Creditors
  - 1. Flows and Stocks
- C. Current Account Balance
- D. Net Exports

**2. Explain how the exchange rate is determined and why it fluctuates.**

- A. The Foreign Exchange Market
- B. Demand in the Foreign Exchange Market
- C. The Law of Demand for Foreign Exchange
  - 1. Exports Effect
  - 2. Expected Profit Effect
- D. Changes in the Demand for Dollars
  - 1. Interest Rates in the United States and Other Countries
  - 2. The Expected Future Exchange Rate
- E. Supply in the Foreign Exchange Market
- F. The Law of Supply of Foreign Exchange
  - 1. Imports Effect
  - 2. Expected Profit Effect
- G. Changes in the Supply of Dollars
  - 1. Interest Rates in the United States and Other Countries
  - 2. The Expected Future Exchange Rate
- H. Market Equilibrium
  - 1. Why Exchange Rates Are Volatile

**Week 4 (31)  
Apr 7<sup>th</sup> to 11<sup>th</sup>**

	<p>I. Exchange Rate Expectations</p> <ol style="list-style-type: none"> <li>1. Purchasing Power Parity</li> <li>2. Interest Rate Parity</li> </ol> <p>J. Monetary Policy and the Exchange Rate</p> <p>K. Pegging the Exchange Rate</p> <p>L. The People's Bank of China in the Foreign Exchange Market</p>
<b>April 14<sup>th</sup> to April 18<sup>th</sup></b>	<b>Easter Break</b>
<p><b>Week 5 (32)</b>  <b>Apr 21<sup>st</sup> to 25<sup>th</sup></b>  23~Easter Mass  21-25 ~ AP Mock Exams  26~Spring Fair</p>	AP Mock Exams
<p><b>Week 6 (33)</b>  <b>Apr 28<sup>th</sup> to May 2<sup>nd</sup></b>  4/29-5/1~ Pre-Exam Days  1-2~ Final Exams (K, 5, 8, 12 only)</p>	Gr 12 Final Exams
<p><b>Week 7 (34)</b>  <b>May 5<sup>th</sup> to 9<sup>th</sup></b>  5-9~ Final Exams (K, 5, 8, 12 only)  5-9 ~ AP Exams</p>	Gr 12 Final Exams / AP Exams
<p><b>Week 8 (35)</b>  <b>May 12<sup>th</sup> to 16<sup>th</sup></b>  <b>4 Days of Class</b>  14-15~ Q4 Exam  16~ Record Day  12-16 ~ AP Exams</p>	AP Exams
<p><b>Week 9 (36)</b>  <b>May 19<sup>th</sup> to 23<sup>rd</sup></b>  19-23 ~ Student Clearance  19~ Baccalaureate Mass  23~Gr. 6 – 7 Recognition and Gr. 8 Graduation</p>	Student Clearance
<p><b>Week 10 (37)</b>  <b>May 26<sup>th</sup> to 30<sup>th</sup></b>  <b>4 Days of Class</b>  26~House Culminating Activity  27~Gr. 9-11 Recognition and Gr. 12 Graduation  28! Class Party  29~ ~ Students Last Day  30~ Teachers/Staff Meeting</p>	Gr 12 Graduation