Course/Grade Level: AP Macroeconomics

Days	Unit	Standard(s)/Outcome(s)	Essential/Guiding Questions
8-12	Unit 1: Basic Economic Concepts	• Define scarcity and economic resources. • Define (using graphs as appropriate) the PPC and related terms. • Explain (using graphs as appropriate) how the PPC illustrates opportunity costs, tradeoffs, inefficiency, efficiency, and economic growth or contraction under various conditions • Calculate (using data from PPCs or tables as appropriate) opportunity cost. • Define absolute advantage and comparative advantage. • Determine (using data from PPCs or tables as appropriate) absolute and comparative advantage. • Explain (using data from PPCs or tables as appropriate) how specialization according to comparative advantage with appropriate terms of trade can lead to gains from trade. • Calculate (using data from PPCs or tables as appropriate) mutually beneficial terms of trade.	• Why do people and countries trade with one another? • What determines the market price for a good or service? • Why is there no such thing as a free lunch?

		• Define (using graphs as appropriate) the law of demand • Explain (using graphs as appropriate) the relationship between the price of a good or service and the quantity demanded. • Explain (using graphs as appropriate) the determinants of demand. • Define (using graphs as appropriate) the law of supply. • Explain (using graphs as appropriate) the relationship between the price of a good or service and the quantity supplied. • Explain (using graphs as appropriate) the determinants of supply. • Define (using graphs as appropriate) market equilibrium. • Define a surplus and shortage. • Explain (using graphs as appropriate) how prices adjust to restore equilibrium in markets that are experiencing imbalances. • Calculate (using graphs as appropriate) the surplus or shortage in the market experience an imbalance. • Explain (using graphs as appropriate) how changes in demand and supply affect equilibrium price and equilibrium quantity.	

8-12	Unit 2: Economic Indicators and the Business Cycle	- Define (using the circular flow diagram as appropriate) how GDP is measured and its components. - Calculate nominal GDP. - Define the limitations of GDP. - Define the labor force, the unemployment rate, and the labor force participation rate. - Explain how changes in employment and the labor market affect the unemployment rate and the labor force participation rate. - Calculate the unemployment rate and the labor force participation rate. - Define the limitations of the unemployment rate. - Define the types of unemployment and the natural rate of unemployment. - Explain changes in the types of unemployment. - Define the consumer price index (CPI), inflation, deflation, disinflation, the inflation rate, and real variables. - Explain how price indices can be used to calculate the inflation rate and to compare nominal variables over time periods. - Calculate the CPI, the inflation rate, and changes in real variables. - Define the shortcomings of the CPI as a true measure of inflation.	- How is one person's spending another person's income? - How do we know if an economy is doing well or poorly?

		- Explain the costs that unexpected inflation (deflation) imposes on individuals and the economy. - Define nominal GDP and real GDP. - Calculate real GDP and the GDP deflator. - Define (using graphs and data as appropriate) turning points and phases of the business cycle. - Explain (using graphs and data as appropriate) turning points and phases of the business cycle.	
8-12	Unit 3: National Income and Price Determination	- Define (using graphs as appropriate) the aggregate demand (AD) curve. - Explain (using graphs as appropriate) the slope of the AD curve and its determinants. - Define the expenditure multiplier, the tax multiplier, the marginal propensity to consume, and the marginal propensity to save - Explain how changes in spending and taxes lead to changes in real GDP. - Calculate how changes in spending and taxes lead to changes in real GDP. . Define (using graphs as appropriate) the short-run aggregate supply (SRAS) curve - Explain (using graphs as appropriate) the slope of the	- How do spending and production decisions made by households, businesses, the government, and the rest of the world affect an economy? - How do policy decisions regarding taxation and government spending affect an economy?

		SRAS curve and its determinants. ● Explain (using graphs as appropriate) how movement along the SRAS curve implies a relationship between the price level (and inflation) and unemployment. ● Define (using graphs as appropriate) the short run and the long run. ● Define (using graphs as appropriate) the long-run aggregate supply (LRAS) curve. ● Explain (using graphs as appropriate) the short-run and long-run equilibrium price level and output level. ● Explain (using graphs as appropriate) the response of output, employment, and the price level to an aggregate demand or aggregate supply shock in the short run. ● Explain (using graphs as appropriate) the response of output, employment, and the price level to an aggregate demand or aggregate supply shock in the long run. ● Define fiscal policy and related terms. ● Explain (using graphs as appropriate) the short-run effects of a fiscal policy action. ● Calculate the short-run effects of	

		a fiscal policy action. ● Define why there are lags to discretionary fiscal policy. ● . Define automatic stabilizers. ● Explain how automatic stabilizers moderate business cycles.	
8-12	Unit 4: Financial Sector	● Define the principal attributes—liquidity, rate of return, and risk—associated with various classes of financial assets, including money. ● Explain the relationship between the price of previously issued bonds and interest rates. ● Define the nominal and real interest rate. ● Explain the relationship between changes in nominal interest rates, expected inflation, and real interest rates. ● Calculate the nominal and real interest rate. ● Define money and its functions. ● Calculate (using data as appropriate) measures of money. ● Define key terms related to the banking system and the expansion of the money supply. ● Explain how the banking system creates and expands the money supply. ● Calculate (using data and balance sheets as appropriate) the effects of changes in the banking system. ● Define (using graphs as	● What is money? ● How is the price of money determined? ● How do banks create money? ● How do the actions of a country's central bank affect financial decision making and the economy?

		appropriate) the money market, money demand, and money supply. ● Explain (using graphs as appropriate) the relationship between the nominal interest rate and the quantity of money demanded (supplied). ● Define (using graphs as appropriate) equilibrium in the money market. ● Explain (using graphs as appropriate) how nominal interest rates adjust to restore equilibrium in the money market. ● Explain (using graphs as appropriate) the determinants of demand and supply in the money market. ● Explain (using graphs as appropriate) how changes in demand and supply in the money market affect the equilibrium nominal interest rate. ● Define monetary policy and related terms. ● Explain (using graphs as appropriate) the short-run effects of a monetary policy action. ● Calculate (using data and balance sheets as appropriate) the effects of a monetary policy action. ● Define why there are lags to monetary policy. ● Define (using graphs as	

		appropriate) the loanable funds market, demand for loanable funds, and supply of loanable funds. ● Explain (using graphs as appropriate) the relationship between the real interest rate and the quantity of loanable funds demanded (supplied). ● Define national savings in both a closed and an open economy. ● Define (using graphs as appropriate) equilibrium in the loanable funds market. ● Explain (using graphs as appropriate) how real interest rates adjust to restore equilibrium in the loanable funds market. ● Explain (using graphs as appropriate) the determinants of demand and supply in the loanable funds market. ● . Explain (using graphs as appropriate) how changes in demand and supply in the loanable funds market affect the equilibrium real interest rate and equilibrium quantity of loanable funds.	
8-12	Unit 5: Long-Run Consequences of Stabilization Policies	● Explain (using graphs as appropriate) the effects of combined fiscal and monetary policy actions. ● Define (using graphs as	● How does an economy grow? ● What is the relationship between inflation and unemployment? ● How do monetary and fiscal policies affect the economy in the

		appropriate) the short-run Phillips curve and the long-run Phillips curve. ● Explain (using graphs as appropriate) short-run and long-run equilibrium in the Phillips curve model. ● Explain (using graphs as appropriate) the response of unemployment and inflation in the short run and in the long run. ● Explain (using graphs as appropriate) how inflation is a monetary phenomenon. ● Define the quantity theory of money. ● Calculate the money supply, velocity, the price level, and real output using the quantity theory of money. ● Define the government budget surplus (deficit) and national debt. ● Explain the issues involved with the burden of the national debt. ● Define crowding out. ● Explain (using graphs as appropriate) how fiscal policy may cause crowding out. ● Define measures and determinants of economic growth. ● Explain (using graphs and data as appropriate) the determinants of economic growth.	long run?

		● Calculate (using graphs and data as appropriate) per capita GDP and economic growth. ● Explain (using graphs as appropriate) how the PPC is related to the long-run aggregate supply (LRAS) curve. ● Explain (using graphs as appropriate) public policies aimed at influencing long-run economic growth. ● Define supply-side fiscal policies.	
8-12	Unit 6: Open Economy - International Trade and Finance	● Define the current account (CA), the capital and financial account (CFA), and the balance of payments (BOP) ● Explain how changes in the components of the CA and CFA affect a country's BOP. ● Calculate the CA, the CFA, and the BOP. ● Define the exchange rate, currency appreciation, and currency depreciation. ● Explain how currencies are valued relative to one another. ● Calculate the value of one currency relative to another. ● Define the foreign exchange market, demand for currency, and supply of currency. ● . Explain (using graphs as appropriate) the relationship between the exchange rate and	● Why does the balance of payments balance? ● Why does the price of one nation's currency relative to another nation's currency change? ● How do changes in the value of a country's currency affect that country's economy?

		the quantity of currency demanded (supplied). ● Define (using graphs as appropriate) the equilibrium exchange rate. ● Explain (using graphs as appropriate) how exchange rates adjust to restore equilibrium in the foreign exchange market. ● Explain (using graphs as appropriate) the determinants of currency demand and supply. ● Explain (using graphs as appropriate) how changes in demand and supply in the foreign exchange market affect the equilibrium exchange rate. ● Explain (using graphs as appropriate) how changes in the value of a currency can lead to changes in a country's net exports and aggregate demand. ● Explain (using graphs as appropriate) how differences in real interest rates across countries affect financial capital flows, foreign exchange markets, and loanable funds markets. ●	

* College Board AP Macroeconomics Course and Exam Description (Fall 2020)