



# **Advanced Placement Macroeconomics**

**Course Information**

<b>Grade(s):</b>	10, 11, 12
<b>Discipline/Course:</b>	Business
<b>Course Title:</b>	AP Macroeconomics
<b>Prerequisite(s):</b>	Teacher recommendation advised
<b>Course Description:</b> <i>Program of Studies</i>	<p>Economics is a structured and disciplined approach to looking at how society allocates scarce resources with unlimited wants. The AP economics sequence is comprised of two semester-based courses in microeconomics and macroeconomics. By taking both courses, students will gain a basic level of sophistication in economic matters similar in scope to the experience a college student would receive in survey courses. Students should expect increased demands in reading, writing, and analytical thinking. These courses are recommended for the college-bound student that would like to gain a solid foundation of business practices or if they would like to study business in college.</p> <p>Macroeconomics focuses on the economic system as a whole. We will look at major economic indicators such as gross domestic product, inflation and unemployment as well as other forces that affect the entire economy. Other topics covered include inflation, unemployment and international policy.</p>
<b>Course Essential Questions:</b>	<ul style="list-style-type: none"> <li>● How do we as an economy decide what to produce, who produces it and how do we distribute these goods and services?</li> <li>● What is the nature of the business cycle?</li> <li>● How do forces of aggregate supply and aggregate demand determine equilibrium GDP and price level?</li> <li>● What determines the government’s use of fiscal policy?</li> <li>● What determines the government’s use of monetary policy?</li> <li>● How does an economy achieve long run equilibrium?</li> <li>● What are the impacts of opening an economy to trade?</li> </ul>

<b>Course Enduring Understandings:</b>	<ul style="list-style-type: none"> <li>• Limited resources and unlimited wants and needs in a society lead us to having to make decisions how to best use our resources to produce goods and services most wanted by our society.</li> <li>• Inflation, unemployment and GDP are all indicators used to measure the overall health of the economy.</li> <li>• Economists use the aggregate demand–aggregate supply model to represent the relationship between the price level and aggregate output in an economy and to illustrate how output, employment, and the price level respond to macroeconomic shocks.</li> <li>• Our Central Bank manages money supply through use of monetary tools such as open market operations and manipulation of the interest rate.</li> <li>• Monetary and Fiscal Policy have both short run and long run implications on our economy.</li> <li>• It is natural for an economy to experience periods of fluctuation between expansions and contractions in the long run.</li> <li>• Foreign trade accounting measures the flow of goods, services, and financial capital between countries.</li> <li>• Buyers and sellers interacting and exchanging the currency of one country for the currency of another determines the equilibrium exchange rate in a flexible exchange market and influences the flow of goods, services, and financial capital between countries.</li> </ul>
<b>Duration and Credit:</b>	Semester (½ year) / .5 credits
<b>Course Materials/Resources:</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>FPS Course Academic Expectation(s):</b>	<p><u>Synthesizing and Evaluating</u> The student weighs evidence, arguments, claims and beliefs in order to critically and effectively solve problems and to justify conclusions.</p> <p><u>Conveying Ideas</u> The student organizes information to support a claim or assertion in a style appropriate to purpose, audience, and task.</p>

<b>Year at a Glance (Units):</b>	Unit 1: Basic Economic Concepts (2 weeks) Unit 2: Key Economic Indicators and the Business Cycle (3 weeks) Unit 3: National Income and Price Determination (3 weeks) Unit 4: Financial Sector (4 weeks) Unit 5: Long Run Consequences of Stabilization Policies (3 weeks) Unit 6: Open Economy - International Trade and Finance (2 weeks)
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<b>Unit Number and Title:</b>	Unit 1: Basic Economic Concepts
<b>Duration:</b>	2 weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	The foundational economic ideas addressed in this unit form the basis for more advanced analysis of consumer and producer behavior that will be developed throughout the course.
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p>State of Connecticut Business and Finance Technology Education Frameworks for Economics</p> <ul style="list-style-type: none"> <li>● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources.</li> <li>● Content Standard 2: Economic Systems Basic features of different economic systems.</li> <li>● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy.</li> </ul> <p>NBEA Standards ECONOMICS</p> <p><b>I. ALLOCATION OF RESOURCES</b> Level 3 Performance Expectations</p> <ul style="list-style-type: none"> <li>● explain the concept of marginalism as it applies to producers and consumers</li> <li>● evaluate the trade-offs of alternatives for solving societal problems according to economic goals (e.g., economic growth, equity, efficiency, security, employment, stability, and freedom)</li> </ul> <p>Level 4 Performance Expectations</p> <ul style="list-style-type: none"> <li>● suggest what a nation or business should do if economic resources are underutilized</li> </ul> <p><b>II. ECONOMIC SYSTEMS</b> Level 3-4 Performance Expectations</p> <ul style="list-style-type: none"> <li>● analyze existing economies and how they answer the three questions every economic system must answer</li> </ul>

	<p><b>VIII. GLOBAL ECONOMIC CONCEPTS</b> Level 3-4 Performance Expectations</p> <ul style="list-style-type: none"> <li>● compare and contrast absolute and comparative advantage</li> <li>● analyze different countries to determine the comparative advantage of individuals within those countries for making and trading goods and service</li> </ul>
<p><b>Essential Question(s):</b></p>	<ul style="list-style-type: none"> <li>● What gets produced? Who produces it? Who gets the goods? How does change occur?</li> <li>● What is the nature of the business cycle?</li> <li>● How does the market apply scarce resources to meet wants?</li> </ul>
<p><b>Enduring Understanding(s):</b></p>	<p>Limited resources and unlimited wants and needs in a society lead us to having to make decisions how to best use our resources to produce goods and services most wanted by our society.</p>
<p><b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i></p>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>● Describe economic concepts, principles, or models.</li> <li>● Draw an accurately labeled graph to represent an economic model or market.</li> <li>● Identify an economic concept, principle, or model using quantitative data or calculations.</li> <li>● Demonstrate the effect of a change in an economic situation on an accurately labeled graph.</li> <li>● Understand and apply the concepts of scarcity and resource allocation.</li> <li>● Compare and contrast economic systems in history and in a global context.</li> <li>● Graph and understand the Production Possibilities Curve, Comparative Advantage.</li> <li>● Review and conduct Cost-Benefit Analyses and engage in Marginal Analysis.</li> </ul>

<b>Unit Number and Title:</b>	Unit 2: Key Economic Indicators and the Business Cycle
<b>Duration:</b>	3 Weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	Measurement of key measures of economic performance: gross domestic product (GDP), unemployment, and inflation.
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p><u>Standards</u>  <u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> <li>● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources.</li> <li>● Content Standard 2: Economic Systems Basic features of different economic systems.</li> <li>● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy.</li> <li>● Content Standard 4: Markets and Prices U.S. and global markets and prices.</li> <li>● Content Standard 5: Market Structures Market structures in the U.S. economy.</li> <li>● Content Standard 6: U.S. Government The role of the U.S. government in an economic system.</li> </ul> <p><u>National Business Education Association (NBEA) Standards</u>  National Business Education Standards are met in the following areas:  ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES  Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS  Achievement Standard: explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.</p>

	<p>III. ECONOMIC INSTITUTIONS AND INCENTIVES Achievement Standard: analyze the role of core economic institutions and incentives in the U.S. economy.</p> <p>IV. PRODUCTIVITY Achievement Standard: explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.</p> <p>V. THE ROLE OF GOVERNMENT Achievement Standard: analyze the role of government in economic systems, especially the role of government in the U.S. economy.</p> <p>VI. GLOBAL ECONOMIC CONCEPTS Achievement Standard: examine the role of trade, protectionism, and monetary markets in the global economy.</p> <p>VII. AGGREGATE SUPPLY AND AGGREGATE DEMAND Achievement Standard: analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.</p>
<b>Essential Question(s):</b>	<ul style="list-style-type: none"> <li>● What is GDP, how is it measured and calculated?</li> <li>● How are nominal and real GDP calculated?</li> <li>● How do changes in employment and the labor market affect the unemployment rate and the labor force participation rate?</li> <li>● How can price indices be used to calculate the inflation rate and to compare nominal variables over time periods?</li> <li>● What are the economic costs of inflation and unemployment?</li> </ul>
<b>Enduring Understanding(s):</b>	<p>Inflation, unemployment and GDP are all indicators used to measure the overall health of the economy.</p>
<b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>● Analyze the effects of the business cycle as measured by national account calculations</li> <li>● Calculate the unemployment rate and the labor force participation rate.</li> <li>● Calculate and interpret real GDP through use of price index.</li> </ul>



- Define and measure unemployment (unemployment rate) and inflation.
- Calculate and interpret components of the national account.
- Calculate inflation and deflation using the Consumer Price Index to measure inflation/deflation of goods and understand the impact it has on ~~their~~ monthly budgets for goods, services, and real wages.

<b>Unit Number and Title:</b>	Unit 3: National Income and Price Determination
<b>Duration:</b>	3 Weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	Focus on the relationship between the price level and aggregate output in an economy and illustrate how output, employment, and the price level respond to macroeconomic shocks.
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p><u>Standards</u>  <u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> <li>● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources.</li> <li>● Content Standard 2: Economic Systems Basic features of different economic systems.</li> <li>● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy.</li> <li>● Content Standard 4: Markets and Prices U.S. and global markets and prices.</li> <li>● Content Standard 5: Market Structures Market structures in the U.S. economy.</li> <li>● Content Standard 6: U.S. Government The role of the U.S. government in an economic system.</li> </ul> <p><u>National Business Education Association (NBEA) Standards</u>  National Business Education Standards are met in the following areas:  ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES  Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS  Achievement Standard: explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.</p>

	<p>III. ECONOMIC INSTITUTIONS AND INCENTIVES Achievement Standard: analyze the role of core economic institutions and incentives in the U.S. economy.</p> <p>IV. PRODUCTIVITY Achievement Standard: explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.</p> <p>V. THE ROLE OF GOVERNMENT Achievement Standard: analyze the role of government in economic systems, especially the role of government in the U.S. economy.</p> <p>VI. GLOBAL ECONOMIC CONCEPTS Achievement Standard: examine the role of trade, protectionism, and monetary markets in the global economy.</p> <p>VII. AGGREGATE SUPPLY AND AGGREGATE DEMAND Achievement Standard: analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.</p>
<b>Essential Question(s):</b>	<ul style="list-style-type: none"> <li>● How are economic policy decisions made?</li> <li>● How do spending and production decisions made by households, businesses, the government, and the rest of the world, affect the economy?</li> <li>● How do policy decisions regarding taxation and government spending affect an economy?</li> <li>● How do changes in spending and taxes lead to changes in GDP?</li> </ul>
<b>Enduring Understanding(s):</b>	<ul style="list-style-type: none"> <li>● Economists use the aggregate demand–aggregate supply model to represent the relationship between the price level and aggregate output in an economy and to illustrate how output, employment, and the price level respond to macroeconomic shocks.</li> <li>● Fiscal and monetary policy have short-run effects on macroeconomic outcomes.</li> </ul>
<b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>● Define (using graphs as appropriate) the aggregate demand (AD) curve and explain the slope of the AD curve and its determinants.</li> <li>● Calculate how changes in spending and taxes lead to changes in real GDP</li> </ul>

- Define the expenditure multiplier, the tax multiplier, the marginal propensity to consume, and the marginal propensity to save.
- Develop consumer skills such as deciding to save or spend their dollars and controlling spending to the debt limit.
- Determine how wage levels impact savings and spending decisions.
- Compare credit terms on loans, calculate dissaving, and discover the impact of credit card debt on a budget.
- Draw and be able to interpret the short-run aggregate supply and long-run aggregate supply curve.
- Explain 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 and long run.
- Explain how automatic stabilizers moderate business cycles.
- Calculate the short-run effects of a fiscal policy action

<b>Unit Number and Title:</b>	Unit 4: Financial Sector
<b>Duration:</b>	4 Weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	Evaluate the macroeconomic effects of monetary policy
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p><u>Standards</u></p> <p><u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> <li>● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources.</li> <li>● Content Standard 2: Economic Systems Basic features of different economic systems.</li> <li>● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy.</li> <li>● Content Standard 4: Markets and Prices U.S. and global markets and prices.</li> <li>● Content Standard 5: Market Structures Market structures in the U.S. economy.</li> <li>● Content Standard 6: U.S. Government The role of the U.S. government in an economic system.</li> </ul> <p><u>National Business Education Association (NBEA) Standards</u></p> <p>National Business Education Standards are met in the following areas:</p> <p>ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS Achievement Standard: explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.</p>

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<b>Essential Question(s):</b>	<ul style="list-style-type: none"> <li>● What is money?</li> <li>● How is the price of money determined?</li> <li>● How do actions of a country’s central bank affect financial decision making and the economy?</li> <li>● What is the relationship between the price of previously issued bonds and interest rates?</li> <li>● How do banking systems create and expand the money supply?</li> </ul>
<b>Enduring Understanding(s):</b>	<p>Our Central Bank manages money supply through use of monetary tools such as open market operations and manipulation of the interest rate.</p>
<b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>● Understand that money makes it possible to compare the value of goods and services, and interest rates provide a measure of the price of money that is borrowed or saved.</li> <li>● Explain why the banking system plays an important role in the expansion of the money supply.</li> <li>● Construct, read, and analyze Money Market, Bond Market, Investment Demand and Loanable Funds graphs.</li> </ul>

- Understand that in the money market, demand for and supply of money determine the equilibrium nominal interest rate and influence the value of other financial assets.
- Explain why fiscal and monetary policy have short-run effects on macroeconomic outcomes.
- Explore how the interaction of borrowers, who demand loanable funds, and savers, who supply loanable funds, determines the equilibrium real interest rate.
- Understand how the Federal Reserve Monetary policies affect consumer interest rates for saving and borrowing (loans and credit).
- Understand how consumers depositing their money into the commercial banking system affect the banking system's ability to make loans and grow our economy.
- Understand FDIC and how insurance is used in the banking industry to mitigate risk and protect assets.
- Explore various methods to protect assets, limit risks, as well as financial insurance policies individuals can use during periods of inflation.
- Explore the various roles of the Federal Reserve board members and employees and the career decisions and responsibilities associated with those positions in the banking industry.

<b>Unit Number and Title:</b>	Unit 5: Long Run Consequences of Stabilization Policies
<b>Duration:</b>	3 Weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	Long-run implications of policy actions and economic growth
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p><u>Standards</u></p> <p><u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> <li>● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources.</li> <li>● Content Standard 2: Economic Systems Basic features of different economic systems.</li> <li>● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy.</li> <li>● Content Standard 4: Markets and Prices U.S. and global markets and prices.</li> <li>● Content Standard 5: Market Structures Market structures in the U.S. economy.</li> <li>● Content Standard 6: U.S. Government The role of the U.S. government in an economic system.</li> </ul> <p><u>National Business Education Association (NBEA) Standards</u></p> <p>National Business Education Standards are met in the following areas:</p> <p>ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS Achievement Standard: explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.</p>



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<b>Essential Question(s):</b>	<ul style="list-style-type: none"> <li>● How does an economy grow?</li> <li>● How do monetary and fiscal policies affect the economy in the long run?</li> <li>● What are the short-run trade-offs between inflation and unemployment?</li> </ul>
<b>Enduring Understanding(s):</b>	<ul style="list-style-type: none"> <li>● Monetary and Fiscal Policy have both short run and long run implications on our economy.</li> <li>● It is natural for an economy to experience periods of fluctuation between expansions and contractions in the long run.</li> </ul>
<b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>● Explain (using graphs as appropriate) the effects of combined fiscal and monetary policy actions.</li> <li>● Explain short-run and long-run equilibrium in the Phillips curve model.</li> <li>● Calculate the money supply, velocity, the price level, and real output using the quantity theory of money</li> </ul>

- Calculate per capita GDP and economic growth
- Explain how the PPC is related to the long-run aggregate supply (LRAS) curve

<b>Unit Number and Title:</b>	Unit 6: Open Economy - International Trade and Finance
<b>Duration:</b>	2 Weeks
<b>Resource(s):</b>	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
<b>Unit Overview:</b>	Interpret and manipulate economic models in an open economy and measure the effects of trade.
<b>Learning Goals</b>	
<b>Standard(s):</b>	<p>State of Connecticut Business and Finance Technology Education Frameworks for Economics</p> <ul style="list-style-type: none"> <li>Content Standard 5: Market Structures Market structures in the U.S. economy.</li> </ul> <p>ECONOMICS  <b>VIII. GLOBAL ECONOMIC CONCEPTS</b>  Level 3-4 Performance Expectations</p> <ul style="list-style-type: none"> <li>determine how the supply and demand of a currency affects its foreign exchange rate</li> <li>differentiate between currency appreciation and currency depreciation</li> <li>analyze how a change in the value of a nation's currency (appreciation or depreciation) can affect the level of its imports and exports</li> <li>compare and contrast absolute and comparative advantage</li> <li>discuss the advantages and disadvantages and distributive effects of trade restrictions (e.g., tariffs, quotas, and embargoes)</li> <li>distinguish between the balance of trade and the balance of payments</li> <li>evaluate the impact of international economic unions on the global community and the influence these unions have on the member nations and on different groups within those nations</li> </ul>
<b>Essential Question(s):</b>	<ul style="list-style-type: none"> <li>What are the impacts of opening an economy to trade?</li> <li>How do we quantify the opportunities of trade?</li> <li>How do we depict the impact of trade on the domestic product market using supply and demand analysis?</li> </ul>

	<ul style="list-style-type: none"> <li>• What are barriers to trade and their impact on equilibrium price and quantity?</li> <li>• What are the advantages and disadvantages of various trade policies?</li> <li>• How do countries finance trade?</li> <li>• What international policies have been applied to manage exchange rates?</li> </ul>
<b>Enduring Understanding(s):</b>	<ul style="list-style-type: none"> <li>• Foreign trade accounting measures the flow of goods, services, and financial capital between countries.</li> <li>• Buyers and sellers interacting and exchanging the currency of one country for the currency of another determines the equilibrium exchange rate in a flexible exchange market and influences the flow of goods, services, and financial capital between countries.</li> </ul>
<b>Learning Goal(s):</b> <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> <li>• Analyze and critique trade policies.</li> <li>• Explain how changes in the components of the CA and CFA affect a country's Balance of Payments.</li> <li>• Calculate the value of one currency relative to another.</li> <li>• Explain (using graphs as appropriate) the relationship between the exchange rate and the quantity of currency demanded (supplied).</li> <li>• Explain (using graphs as appropriate) how differences in real interest rates across countries affect financial capital flows, foreign exchange markets, and loanable funds markets.</li> </ul>