

BERKELEY HEIGHTS PUBLIC SCHOOLS
BERKELEY HEIGHTS, NEW JERSEY

**GOVERNOR LIVINGSTON HIGH SCHOOL
SOCIAL STUDIES DEPARTMENT**

ADVANCED PLACEMENT ECONOMICS SEMINAR
#0122

Curriculum Guide

September 2003

Dr. Richard Bozza, Superintendent
Mrs. Judith Rattner, Assistant Superintendent
Mrs. Katherine Venditti, District Supervisor

Developed by: Todd Decker
Katherine Venditti

This curriculum may be modified through varying techniques,
strategies, and materials, as per an individual student's
Individualized Education Plan (IEP).

Approved by the Berkeley Heights Board of Education
at the regular meeting held on _____.

TABLE OF CONTENTS

	Page
Philosophy and Rationale.....	1
Course Proficiencies.....	3
Course Objectives	3
Student Proficiencies	7
Methods of Evaluation.....	9
Course Outline/Student Objectives.....	10
Resources/Activities Guide.....	18
Suggested Audio Visual/Computer Aids.....	22
Suggested Materials	23
Resources for Students	23
Resources for Teacher	23

Addendum

New Jersey Core Curriculum Content Standards – Social Studies

New Jersey Core Curriculum Content Standards – Technological Literacy

**New Jersey Core Curriculum Content Standards – Career Education and
Consumer, Family, and Life
Skills**

***New Jersey Core Curriculum Content Standards can also be viewed at
www.state.nj.us**

PHILOSOPHY/RATIONALE

The Economics Advanced Placement Seminar is a full-year course offered as a social studies elective. The course is designed for advanced-level social studies students in grades 11 and 12 who have an interest in studying university level economics. Prerequisites require that students have successfully completed two years of honors-level history classes and fulfilled all department honors and advanced placement requirements. The course is designed to prepare students to take the College Board's Advanced Placement exams in macroeconomics and microeconomics while concurrently meeting many of the New Jersey Social Studies Core Curriculum Content Standards. Many of the New Jersey Career Education and Life Skills and Technological Literacy Standards are also covered within the course.

The course is divided into two equal parts for the purpose of studying the two fields of economic theory, microeconomics and macroeconomics. Microeconomics deals with the function of individual decision-makers, firms, and markets within the larger economic system. It places primary emphasis on the nature and functions of product markets and includes the study of factor markets and the role of government in promoting greater efficiency and equity in the economy. It is organized into the following units:

1. Introduction and Key Principles
2. A Closer Look at Supply and Demand
3. Market Structures and Pricing
4. Market Failure and Intervention
5. The Market for Labor and Capital

Macroeconomics focuses on understanding the principles of economics that apply to economic systems as a whole. This course places particular emphasis on the study of national income (GDP) and price determination and also develops students' familiarity with economic performance measures, economic growth, and international economics. It is organized into the following units:

1. The Basic Concepts in Macroeconomics
2. The Economy in the Long Run
3. Economic Fluctuations
4. The Federal Reserve
5. Current Issues
6. The International Economy

The study of economics has applications far beyond just the basic understanding of supply, demand, and monetary issues. It is the study of choices and decision-making. Throughout history, a preponderance of decisions people undertake have economic implications. Most of today's and tomorrow's issues such as inflation, recession, unemployment, health care costs, environmental deterioration, care for the aged, and poverty all have economic roots and can be understood more thoroughly through economic analysis. Examination of issues and case studies is critical to developing student skills in economics and is a method central to the course.

PHILOSOPHY/RATIONALE (continued)

The skills developed through the study of economics are ones that benefit any student regardless of whether or not they continue in this field of study. Through the study of economics, students gain skills in identifying relevant information, recognizing cause and effect relationship, creating and testing hypotheses, forming and defending opinions, and mediating conflict. Many other proficiencies that students develop in economics can be applied to other fields.

Economics Advanced Placement Seminar is a comprehensive introduction into the world of microeconomics and macroeconomics. It can stand on its own or serve as a link to an undergraduate level concentration in the study of economics.

COURSE PROFICIENCIES

COURSE OBJECTIVES

- I. Examine the Basic Concepts and Analytical Tools of Microeconomics. (6.7/A1, B1, F2)
 - A. Identify and explain the problem of scarcity as central to any economy.
 - B. Use the production possibilities curve to illustrate the basic economic concepts.
 - C. Explain the marginal principle and diminishing returns and use them to analyze varied scenarios.
 - D. Explain how economic systems function and decide what, how, and for whom to produce.
 - E. Demonstrate how comparative advantage, specialization, and exchange increase the total output of goods and services.
 - F. Define the factors of production representing an economy's limited resources.
 - G. Create a circular flow diagram illustrating market mechanisms.
 - H. Identify the economic functions of government.
 - I. Analyze the determinants of supply and demand and their interaction to determine market price and quantity equilibrium.
 - J. Explain how consumers choose goods in the market in order to maximize their satisfaction.
 - K. Demonstrate how income, prices, and tastes affect consumer purchases and the demand side of the market.

- II. Investigate the Mechanisms and Nuances of Supply and Demand.(6.7/A1, B1, C1,2,3)
 - A. Investigate the characteristics and conditions that determine the price elasticity of demand and to apply the concept of elasticity to calculate and predict the impact of elasticity on pricing decisions.
 - B. Examine how price elasticity of supply measures the responsiveness of producers to changes in price.
 - C. Understand the concepts of consumer and producer surplus and how they are dynamically influenced by the market.
 - D. Identify the methods and effects of government intervention in markets.
 - E. Calculate and predict spillover costs and market inefficiencies.
 - F. Explain the concept of utility and how it is measured.
 - G. Use utility to graphically illustrate implications of consumer choices

- III. Investigate and Analyze the Varied Forms of Market Structure and How They are Controlled. (6.7/A1, B1, C1-4, D1, F2)
 - A. Delineate and examine the varied types of costs that firms experience.
 - B. Identify time horizons as short-run or long-run in economic terms.
 - C. Analyze the relationship between diminishing returns and marginal costs.
 - D. Examine the relationships among total, average, and marginal costs in the long-run and in the short-run.
 - E. Compare market structures of perfect competition, monopolistic competition, oligopoly, and monopoly.

COURSE PROFICIENCIES (continued)

- F. Examine the behavior of firms in different types of market structures in the short and long run.
 - G. Identify how and why governments regulate, encourage, and limit competition.
- IV. Investigate Market Failure and Intervention and Their Implications. (6.7/A1, B1, C2, 4, D1, F2)
- A. Identify public goods and explain the economic rationale for their provision.
 - B. Investigate the effectiveness of government policies designed to correct market failures.
 - C. Examine the impact of government tax policy and transfer programs on the distribution of income and on economic efficiency.
 - D. Discuss the key ideas in public-choice economics and their implications.
 - E. Analyze various environmental policies and their effects.
 - F. Judge the impact of imperfect information on transactions and markets.
- V. Evaluate the Intricacies of the Market for Labor and Examine Select Current Issues. (6.7/A1, B1, C1-4, D1, F2)
- A. Survey the factors influencing the demand for labor.
 - B. Examine the effect of deviations from perfect competition such as minimum wages, unions, and product market monopolies.
 - C. Explain influences on the supply of labor.
 - D. Understand the sources of income inequality in a market economy.
 - E. Engage in case studies examining the economics of poverty, aging, and health care.
- VI. Examine the Basic Concepts and Analytical Tools of Microeconomics. (6.7/A1, B1, C2-4, D1)
- A. Define and explain the details of calculating the major measurements of economic performance (gross domestic product, unemployment, and inflation).
 - B. Illustrate the concept of the circular-flow economy.
 - C. Differentiate between nominal and real values of economic measurements.
 - D. Identify and explain the various types of expenditures contributing to national income.
 - E. Demonstrate how the Consumer Price Index is calculated and used as a broad measure of inflation.
 - F. Compare the Classical and Keynesian views of macroeconomics.
- VII. Investigate the Classical View of Economic Performance and the Engines of Economic Growth. (6.7/A1, B1, C3, D1)
- A. Describe the production function and the nature and shape of the aggregate demand and supply curves in the long run.
 - B. Investigate the role of labor supply and demand in relationship to potential output.
 - C. Apply the classical model to tax policy and economic fluctuations.

COURSE PROFICIENCIES (continued)

- D. Examine the role of tax policy in employment levels, potential output, and influencing investment.
 - E. Identify mechanisms and measurements of economic growth.
 - F. Understand the idea of capital deepening in how it influences economic development.
- VIII. Use the Ideas of Keynesian Economics to Evaluate Economies in the Short Run. (6.7/A1, B1, C3, D1)
- A. Identify the stages of economic fluctuation and their causes.
 - B. Describe the aggregate supply curve in the short run and factors that influence it.
 - C. Create and use a Keynesian cross to graphically interpret changes in output.
 - D. Explain and use the Multiplier and demonstrate its effects upon investment and output.
 - E. Examine government's use of fiscal policy and how it impacts the macroeconomy.
 - F. Analyze the impact of real and nominal interest rates upon investment.
 - G. Describe the function of financial intermediaries and how they facilitate investment.
- IX. Investigate the Role of the Federal Reserve and its Influence Upon the Macroeconomy. (6.7/A1, B1, C2,3, E1)
- A. Define money and explain the ways in which it is measured in the macroeconomy.
 - B. Explain fractional reserve banking and map multiple-deposit expansion and money creation.
 - C. Examine the structure and function of the Federal Reserve System and its tools for manipulating the money market.
 - D. Define the determinants of demand for money.
 - E. Analyze the interplay between fiscal and monetary policy and the resulting effects on the level of GDP.
- X. Investigate Current Issues and Theoretical Models and Their Influence Upon the Macroeconomy. (6.7/A1, B1, C4, D1, E1, F1, 2)
- A. Explain the adjustment mechanism for transitioning from short run to long run.
 - B. Examine the basis for disagreements among economists over appropriate economic policies to achieve full employment.
 - C. Construct and analyze short run and long run Phillips curves.
 - D. Assess the theory of rational expectations and its applicability and accuracy.
 - E. Examine the cause and rate of change of inflationary expectations.
 - F. Identify the causes and effects of government budget deficits and debt.
 - G. Analyze the costs of unemployment and inflation.
 - H. Understand current issues in macroeconomic policy and the debates surrounding them.

COURSE PROFICIENCIES (continued)

- XI. Apply Economic Models and Ideas to Current Debates Surrounding International Trade and Finance.(6.7/A1, B1, C1-4, D1, E1, F1)
- A. Revisit the ideas of specialization and comparative advantage and apply them to international trade issues.
 - B. Examine the effects of various kinds of trade restrictions.
 - C. Analyze how international forces affect a country's interest rates, inflation, unemployment, and level of output.
 - D. Examine how the international payments system operates and how it can hinder or facilitate trade.
 - E. Investigate the interrelationship between international trade and domestic policies.

STUDENT PROFICIENCIES

The students will be able to:

1. Demonstrate an awareness of the concepts of choice and scarcity and their interrelations. (6.7/A1, F2)
2. Demonstrate the ability to construct a production possibilities curve. (6.7/A1, F2)
3. Explain the advantages and give examples of minimizing opportunity costs. (6.7/A1, F2)
4. Demonstrate a proficiency in understanding, graphing, manipulating, and interpreting supply and demand curves. (6.7/A1, F2)
5. Examine and analyze the factors and effects of elasticity. (6.7/A1, B1, F2)
6. Explain and analyze the factors that may result in government involvement in the marketplace. (6.7/A1, C1-4, D1)
7. Analyze and explain the principle of marginal utility and its effect upon demand curves. (6.7/A1, B1, F2)
8. Compare and contrast variable and fixed costs and explain their effects upon supply and demand curves. (6.7/A1, B1, F2)
9. Describe the marginal principle and its effect on the four market structures. (6.7/A1, C2)
10. Compare and contrast long-run and short-run supply curves and the variables that affect them. (6.7/A1, B1, C3)
11. Define monopoly and outline its profit maximization formula and deficiencies. (6.7/A1, B1, C2)
12. Compare and contrast natural monopolies and monopolistic competition and graph factors that affect their long run and short run equilibrium price. (6.7/A1, B1, C2, D1)
13. Define and examine oligopolies and their strategies that affect the marketplace while analyzing the effectiveness of governmental regulations. (6.7/A1, B1, C2, D1)
14. Examine the costs and benefits of public goods and explain and analyze the various ways of financing these projects. (6.7/A1, D1)
15. Analyze and graph the long and short-term supply and demand of labor markets and examine reasons for equilibrium. (6.7/A1, B1, C3)
16. Describe and discuss the effect of unions on individuals and labor markets and analyze their effect on market productivity and efficiency. (6.7/A1, B1, F2; 9.1/A3)
17. Examine loanable funds as a product and the effect of interest rates on supply and demand of these funds by graphing the present value of any project involving loanable funds. (6.7/A1, E1, F2)
18. Apply economic skills in developing solutions to challenges that face both the U.S. and the world (ex. poverty, aging population, and uneven distribution of wealth). (6.7/A1, C4, F1, F2)
19. Compare and contrast classical with Keynesian economic theory by measuring and graphing factors that apply to the total output of the economy. (6.7/A1, D1)

STUDENT PROFICIENCIES (continued)

20. Analyze the relationship between inflation and unemployment.(6.7/A1, B1, F2; 9.1/A3)
21. Explain how GDP and CPI measure changes in output and prices. (6.7/A1, F2)
22. Graph and discuss the factors involved in labor-market equilibrium at full employment.(6.7/B1, C2,3; 9.1/A3)
23. Analyze supply-side economics and discuss the division of output among competing uses. (6.7/A1, B1, C3, D1)
24. Describe, discuss, and chart the factors involved in a growing economy. (6.7/A1, B1, C1-3)
25. Examine economic fluctuations and their causes while comparing the effectiveness of coordination of the economy through price systems. (6.7/A1, C3, D1)
26. Graph aggregate supply and demand and its effect on output and prices. (6.7/A1, C3, D1, F2)
27. Analyze Keynesian fiscal policy and apply it to various economic models by using formulae and graphs for equilibrium income and “the multiplier”. (6.7/A1, C3, D1, F2)
28. Examine and graph the effect of nominal and real interest rates on investment spending. (6.7/A1, C3, D1, E1, F2)
29. Describe the function and structure of the Federal Reserve in relation to money creation and measurement in our economy. (6.7/A1, C3, D1, E1)
30. Create a model of the money market including factors such as interest rate, investment, and output. (6.7/A1, B1, C1-3, D1, E1)
31. Analyze and create a model of various long-term adjustment processes. (6.7/A1, B1, C1-3, D1, E1)
32. Examine the relationship between inflation and unemployment using economic tools including the Phillips curve and hyperinflation. (6.7/A1, B1, C1-3, D1, E1)
33. Analyze the costs and benefits associated with government debt and deficit spending. (6.7/A1, C3, 4, D1, E1, F2)
34. Describe and graph the possible costs and benefits of open vs. protected trade on an international level. (6.7/A1, B1, C1-3, D1, E1, F1,2)
35. Examine international exchange rates in relation to how they are established and their effect on real purchasing power. (6.7/A1, B1, C1-3, D1, E1, F1,2)
36. Analyze fixed vs. flexible rates of exchange. (6.7/A1, B1, C1-3, D1, E1, F1,2)
37. Incorporate explanatory diagrams in an analysis essay. (6.7/F2; 9.2/A7-10)
38. Use computers to access economic information. (6.7/F2; 8.1/A1-4, C1,2, D1)
39. Synthesize a solution to a real economic problem based upon analysis of information from multiple sources. (6.7/F2; 8.1/C1,2, D1; 9.2/A2,7-11, B1,2)
40. Evaluate case studies of varied economic problems and/or situations and propose plausible, reasoned solutions. (6.7/A1, C4, F2; 8.1/C1,2, D1; 9.2/A2,7-11, B1,2)

METHODS OF EVALUATION

1. Homework and class work.
2. Tests and quizzes.
3. Class participation.
4. Oral presentations.
5. Mid-year examination.
6. Final project.

SCOPE AND SEQUENCE
COURSE OUTLINE/STUDENT OBJECTIVES

The Student Will Be Able To:

N. J. Core Curriculum Standards	Indicators	Course Outline/Student Objectives (*see note at end of outline)
6.7	A1 B1 C2,3,4 D1 F1	I. Examine the Basic Concepts and Analytical Tools of Microeconomics (12 Days) <ul style="list-style-type: none"> A. Describe What Economics Is and Its Key Concepts <ul style="list-style-type: none"> 1. Understand the role of scarcity in economic decision-making 2. Explain and identify the five factors of production 3. Use the production possibilities curve as an illustration of feasible production choices 4. Explain what a market is and its functions B. Explain the Parameters and Focus of the Field of Microeconomics C. Describe the Parameters and Focus of the Field of Macroeconomics D. Examine How Assumptions and Models Are Used to Explore the Relationships Between Economic Variables E. Analyze How Households and Firms Attempt to Maximize Their Advantages Within the Market <ul style="list-style-type: none"> 1. Demonstrate understanding of comparative advantage and specialization as strategies to maximize the use of finite resources 2. Use the circular flow of money model to illustrate exchange through our economy F. Examine Government’s Five Functions Within an Economy <ul style="list-style-type: none"> 1. Evaluate how it provides goods and services 2. Critique how it redistributes income 3. Evaluate how it provides a tax system that is fair, easy to understand, and does not distort markets 4. Judge how it provides for efficient regulation of economic activity 5. Examine how it provides trade policy G. Describe the Barriers to International Trade Set Up by Diverse Economic Entities <ul style="list-style-type: none"> 1. Investigate protectionism policies and the ways in which they restrict international trade H. Examine the Demand Side of Markets and Its Major Mechanisms <ul style="list-style-type: none"> 1. Describe how the demand curve shows the relationship between price and quantity demanded

		<p>I. Examine the Basic Concepts and Analytical Tools of Microeconomics (continued)</p> <ol style="list-style-type: none"> 2. Define the law of demand. Show how demand curves can shift and change 3. Create and interpret varied types of demand curves <p>I. Examine the Supply Side of Markets and Its Major Mechanisms</p> <ol style="list-style-type: none"> 1. Describe how the supply curve shows the relationship between price and quantity demanded 2. Define the law of supply 3. Show how supply curves can shift and change 4. Create and interpret varied types of supply curves <p>J. Investigate Markets Both at Equilibrium and Not at Equilibrium.</p> <ol style="list-style-type: none"> 1. Describe the conditions of equilibrium 2. Evaluate what happens in markets not at equilibrium
6.7	A1 B1 C2 D1	<p>II. Investigate the Mechanisms and Nuances of Supply and Demand (26 Days)</p> <p>A. Calculate the Price Elasticity of Demand and Use It to Draw Conclusions About Markets</p> <ol style="list-style-type: none"> 1. Judge elasticity and inelasticity and conditions which give rise to each 2. Examine the roles of time, good type, substitutes, and complements in elasticity <p>B. Calculate and Demonstrate How the Price of Elasticity Supply Measures the Responsiveness of Producers to Changes in Price</p> <p>C. Investigate the Varied Other Elasticity's Which Exist Within Markets</p> <p>D. Judge How Markets Suffer or Benefit From Government Intervention</p> <ol style="list-style-type: none"> 1. Describe how efficient markets operate 2. Describe and discuss spillover effects resulting from government action 3. Investigate how governments intervene to create imperfect competition thus fostering spillover effects and public benefits <p>E. Analyze the Economic Concept of Utility</p> <ol style="list-style-type: none"> 1. Use marginal analysis and utility to show optimal consumption 2. Demonstrate understanding and application of the utility-maximizing rule <p>F. Define and Calculate Consumer and Producer Surpluses</p> <p>G. Utilize Indifference Curves to Analyze Consumption Trade-offs</p>

6.7	A1 B1 C2,3 D1	<p>III. Investigate and Analyze the Varied Forms of Market Structure and How They Are Controlled (45 Days)</p> <p>A. Demonstrate and Describe the Significant Differences Between a Firm's Short-run and Long-run Cost Curves</p> <ol style="list-style-type: none"> 1. Calculate accounting and economic profits using cost curves 2. Describe the variance in short-run vs. long-run decisions 3. Evaluate the effects of time horizon on fixed, variable, and marginal costs <p>B. Graphically Analyze Varied Short-Run and Long-run Cost Curves</p> <ol style="list-style-type: none"> 1. Explain the impact of economies and diseconomies of scale upon cost curves 2. Judge the impact of specialization upon costs 3. Evaluate the minimum efficient scale when given cost curves 4. Judge the point at which a firm should shut-down <p>C. Examine and Describe the Characteristics of Varied Market Types</p> <ol style="list-style-type: none"> 1. Investigate the characteristics of perfect competition 2. Investigate the characteristics of monopolistic competition 3. Investigate the characteristics of oligopoly 4. Investigate the characteristics of monopoly 5. Evaluate the output decision, revenues, profits, and decision-making for each of the four market types <p>D. Investigate the Role of Profits in Determining Market Entry and Exit</p> <p>E. Further Investigate the Intricacies of Monopoly Markets</p> <ol style="list-style-type: none"> 1. Examine the role of entry barriers in creating monopolies <ol style="list-style-type: none"> a. investigate the patent and government licensing processes b. classify conditions which give rise to natural monopoly 2. Illustrate How Monopolists Make Their Output Decision Based on Total and Marginal Revenue 3. Understand How Monopolies Create Higher Cost and Lower Quantity Than a Perfectly Competitive Market <p>F. Further Assess Natural Monopoly and Monopolistic Competition</p> <ol style="list-style-type: none"> 1. Judge the role barriers to entry play in their creation 2. Evaluate the effect of a second firm entering a natural monopoly market
-----	------------------------	---

		<p>III. Investigate and Analyze the Varied Forms of Market Structure and How They Are Controlled (continued)</p> <p>G. Describe How the Government Regulates Natural Monopolies</p> <p>H. Understand How a Key Ingredient of Monopolistic Competition is Product Differentiation and Describe How It Is Accomplished</p> <p>I. Judge The Motivations and Behavior of Firms in an Oligopoly Market</p> <ol style="list-style-type: none"> 1. Evaluate barriers to entry in oligopoly and their impact <ol style="list-style-type: none"> a. examine cartel strategies for pricing b. evaluate the price-leadership model 2. Judge the kinked-demand curve model of oligopoly and its assumptions about pricing behavior <p>J. Discuss Price Discrimination and the Process by Which Firms Segment Consumers Into Distinct Groups to Maximize Producer Surplus</p> <p>K. Examine How Advertising is Predicated Upon the Marginal Principle</p> <p>L. Investigate How The U.S. Government Actively Regulates Markets and Breaks Up Monopolies</p> <ol style="list-style-type: none"> 1. Outline business strategies that serve to limit competition 2. Give examples of how our government has broken up monopolies by using its power granted under the Sherman Antitrust Act
6.7	A1 B1,2 C1,4 D1	<p>IV. Investigate Market Failure and Intervention and Their Implications (8 Days)</p> <p>A. Assess the Role of Government in Providing for the Public Good</p> <ol style="list-style-type: none"> 1. Comprehend why public goods are provided and describe their characteristics 2. Describe and assess spillover benefits 3. Judge how government can guide the market by paying a subsidy 4. Describe how voluntary contributions for public goods are likely to be insufficient because of the free-rider problem 5. Explain how the government may make inefficient decisions <p>B. Examine How Government is Financed With Taxes</p> <ol style="list-style-type: none"> 1. Evaluate who bears the burden of various taxes 2. Describe the relation of taxes to the elasticity of demand 3. Evaluate how people change their behavior in response to taxes

		<p>IV. Investigate Market Failure and Intervention and Their Implications (continued)</p> <p>4. Judge the varied viewpoints of the theory of public choice</p> <p>C. Chart the Varied Approaches a Government May Take in Regulating Pollution.</p> <p>1. Evaluate the consequences of a marketable permit system</p> <p>2. Judge the results of varied regulatory policy in protecting the environment</p> <p>D. Evaluate the Effects of Asymmetric Information Upon Markets</p> <p>1. Examine the used car market and the impact of asymmetric information</p> <p>2. Describe the adverse-selection problem</p>
		<p>V. Evaluate the intricacies of the market for labor and examine select current issues. (5 Days)</p> <p>A. Investigate How Labor Is Supplied and Demanded</p> <p>1. Use the market supply curve for labor to show the relationship between wages and labor supply</p> <p>2. Explain how the demand for labor is a derived demand</p> <p>B. Outline Influences on The Demand For Labor</p> <p>1. Use marginal revenue product to illustrate market mechanisms</p> <p>2. Assess the impact of diminishing returns upon the demand for labor</p> <p>C. Investigate Why Wages Differ Across Occupations</p> <p>D. Evaluate Public Policy's Effects on the Labor Market</p> <p>E. Analyze the Types of Labor Unions, Their Goals, and Their Effects Upon the Labor Market</p> <p>F. Understand That There is No Strict Even Distribution of Income Across Our Society</p> <p>1. Identify reasons for inequity in income</p> <p>2. Analyze the college premium and the reasons for it</p> <p>3. Predict the causes of poverty and suggest plausible solutions</p> <p>4. Explain the dependency ratio and evaluate the implications of its escalation in the US</p> <p>5. Explain the history and current challenges of social security</p>
6.7	A1 B1 C2,3	<p>VI. Examine the Basic Concepts and Analytical Tools of Microeconomics (10 Days)</p> <p>A. Describe How Macroeconomics is the Study of Economies as a Whole</p> <p>B. Outline How Economists Measures the Entire Economy</p> <p>1. Describe how gross domestic product (GDP) is</p>

		<p>VI. Examine the Basic Concepts and Analytical Tools of Microeconomics (continued)</p> <ul style="list-style-type: none"> 1. Calculate the Consumer Price Index (CPI) and what it measures 2. Examine unemployment and its various components, measures, and issues 3. Investigate inflation and its mechanisms <p>C. Apply the Circular Flow Model to Macroeconomics and Explain its Intricacies</p> <p>D. Judge Nominal vs. Real GDP and How They Change</p> <ul style="list-style-type: none"> 1. Outline how the consumer price index (CPI) measures inflation
6.7	<p>A1 B1 C3 D1 F1</p>	<p>VII. Investigate the Classical View of Economic Performance and the Engines of Economic Growth (9 Days)</p> <ul style="list-style-type: none"> A. Explain How Classical Economics Studies Economies Operating at or Near Full Employment B. Outline How the Aggregate Production Function Shows How Output is Produced From Capital and Labor C. Demonstrate How the Demand and Supply of Labor Determines the Level of Employment in an Economy <ul style="list-style-type: none"> 1. Illustrate the income and substitution effects when given changes in real wages D. Describe When Full Employment Occurs and How it Varies E. Discuss the Ideas of Supply-side Economists <ul style="list-style-type: none"> 1. Outline supply-sider's views on taxation 2. Demonstrate supply-side views through the use of a Laffer Curve F. Investigate How Economic Growth is an International Concern <ul style="list-style-type: none"> 1. Explain why there are vast differences in standards of living and economic growth rates across the world 2. Investigate the role of capital deepening in promoting growth 3. Assess the role of technological progress in international development
6.7	<p>A1 B4 D1 E1 F1,2</p>	<p>VIII. Use the Ideas of Keynesian Economics to Evaluate Economies in the Short-run (13 Days)</p> <ul style="list-style-type: none"> A. Explain How Keynesian Economics Examines Business Cycles, Economic Fluctuations, and Sharp Changes in Unemployment Rates B. Investigate Stocks and Their Role in Economic Fluctuations C. Examine the Price System, Its Coordination of Economic Activity, and Its Limitations D. Justify How Aggregate Demand and Aggregate Supply Determine Output and Prices

		<p>VIII. Use the Ideas of Keynesian Economics to Evaluate Economies in the Short-run (continued)</p> <ol style="list-style-type: none"> 1. Show how the aggregate demand curve is created and how it can be manipulated 2. Show how the aggregate supply curve is created and how it can be manipulated <p>E. Chart the Basis of Keynesian Theory and Its Historical Influences</p> <ol style="list-style-type: none"> 1. Describe how the “Keynesian Cross” determines short-run output 2. Outline how the consumption function describes the relationship between consumer spending and income 3. Explain the idea of the multiplier and its economic applications 4. Examine the major applications of Keynesian Theory in US History <p>F. Explain the Workings and Rationale of Keynesian Fiscal Policy and Its Use of Taxes and Government Spending</p> <p>G. Show How Exports and Imports Affect GDP</p>
6.7 9.1	A1,7 C3,4 D1 E1 A1 C1 D1 E1 F1,2	<p>IX. Investigate the Role of Federal Reserve and Its Influence Upon the Macroeconomy (10 Days)</p> <p>A. Describe Money, Its Key Properties, and Essential Functions</p> <p>B. Explain the Ways in Which Money is Measured in Our Economy</p> <ol style="list-style-type: none"> 1. Outline the components and calculation of M1 and M2 <p>C. Illustrate How the Banking System Can Influence the Money Supply</p> <ol style="list-style-type: none"> 1. Explain the elements of a bank balance sheet 2. Demonstrate how the money multiplier works <p>D. Examine the Monetary Policy Tools of the Federal Reserve System</p> <ol style="list-style-type: none"> 1. Outline how open market operations are undertaken 2. Illustrate how reserve requirements control loanable funds 3. Examine interest rates the federal reserve controls <p>E. Chart the History and Major Functions of the Federal Reserve System</p> <p>F. Analyze the Importance and Factors Affecting the Market for Money</p> <p>G. Examine How the Monetary Policy of the Federal Reserve Affects the Economy</p>
6.7	A1,2 B1 C3 D1	<p>X. Investigate Current Issues and Theoretical Models and Their Influence Upon the Macroeconomy (11 Days)</p> <p>A. Explain How the Concepts of Short-run and Long-run are Key in Macroeconomics</p>

	E1	<p>X. Investigate Current Issues and Theoretical Models and Their Influence Upon the Macroeconomy (continued)</p> <ol style="list-style-type: none"> 1. Illustrate primary characteristics of short and long run 2. Explain how the adjustment process transitions economies from short to long-run <p>B. Examine How Monetary and Fiscal Policies May Be Influenced By Political Election Cycles</p> <p>C. Discuss Inflation, Its Components, and Current Ideas on Its Control</p> <ol style="list-style-type: none"> 1. Investigate how expectations of inflation prompt further inflation 2. Show how the expectations of Phillips Curve links inflation and unemployment 3. Examine how a credible Fed can influence expectations of inflation 4. Examine recent cases of hyperinflation 5. Chart the societal cost of inflation <p>D. Investigate Government Budget Deficits and Debt and Their Economic Impacts</p>
6.7	A1 F1	<p>XI. Apply Economic Models and Ideas to Current Debates Surrounding International Trade and Finance (7 Days)</p> <p>A. Explain How Nations Engage In and Derive Benefits From International Trade</p> <ol style="list-style-type: none"> 1. Examine specialization and comparative advantage and their applications to trade 2. Discuss the merits and drawbacks of free trade 3. Examine protectionist rationale and policies <p>B. Investigate Recent International Trade Agreements</p> <p>C. Assess Exchange Rates and How They Are an Important Factor in International Trade</p>

*Note: The New Jersey Core Curriculum Content Standards can be viewed at www.state.nj.us

RESOURCES/ACTIVITIES GUIDE

The writers of this curriculum recommend that the instructor consult the publications and supplementary material listed in “Suggested Materials” and “Suggested Audio Visual/ Computer Aids” sections of this curriculum for a host of appropriate activities.

The following activities and materials are provided only as suggestions to the classroom teachers. They are not to be considered to be a complete list of the activities to be used during the A.P. Economics Seminar, nor is it expected that every activity listed will be adopted by the classroom teacher in implementing this curriculum.

It is highly recommended that the instructor for this course take advantage of the multimedia resources available through Prentice Hall Publishing. The textbook for this course, Economics: Principles and Tools, has an accompanying CD-ROM with activities, quizzes, and active graphs correlating to each chapter. The text also has a website, www.prenhall.com/osullivan which has a number of study aids, activities, and current readings.

Part I Activities

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 1.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 1-4.
www.prenhall.com/osullivan

Perez. Instructor’s Manual. pp. 1-50.

Swift. A Modest Proposal and accompanying worksheet. This functions well as a basis for discussion on economic reasoning and its shortcomings.

Yandell. Using Economic Experiments in the Classroom: Chapter 1 Simulation on economic thinking and Chapter 2 Simulation on bargaining.

Part II Activities

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 2.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 5-7.
www.prenhall.com/osullivan

Perez. Instructor’s Manual. pp. 51-90.

Yandell. Using Economic Experiments in the Classroom. Chapter 4 Simulation on price controls.

RESOURCES/ACTIVITIES GUIDE (continued)

Part III Activities

Cary & Barrett. Drug Prices: What's Fair? Article discussing price strategies and regulation of the pharmaceutical industry.

O'Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 3.

O'Sullivan and Sheffrin. Website accompanying Economics. Chapters 8-14.
www.prenhall.com/osullivan

Perez. Instructor's Manual. pp. 91-186.

Yandell. Using Economic Experiments in the Classroom: Chapter 6 Simulation on diminishing returns and Chapter 7 Simulation on monopoly.

Part IV Activities

O'Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 4.

O'Sullivan and Sheffrin. Website accompanying Economics. Chapters 15-17.
www.prenhall.com/osullivan

Perez. Instructor's Manual. pp.187-232.

Yandell. Using Economic Experiments in the Classroom: Chapter 10 simulation on public goods and Chapter 9 simulation on adverse selection.

Part V Activities

O'Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 5.

O'Sullivan and Sheffrin. Website accompanying Economics. Chapters 18-19.
www.prenhall.com/osullivan

Perez. Instructor's Manual. pp. 233-258.

Yandell. Using Economic Experiments in the Classroom: Chapter 5 Simulation on Taxes.

RESOURCES/ACTIVITIES GUIDE (continued)

Part VI Activities

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 6.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 20-21.
www.prenhall.com/osullivan

Perez. Instructor’s Manual. pp. 259-275.

Part VII Activities

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 7.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 22-23.
www.prenhall.com/osullivan

Perez, Instructor’s Manual. pp. 276-295.

Part VIII Activities

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 8.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 24-26.
www.prenhall.com/osullivan

Perez. Instructor’s Manual. pp. 296-329.

Part IX Activities

Federal Reserve Bank Publications -

The Federal Reserve Bank of New York has dozens of short down-loadable publications they call “Fedpoint Publications.” For example #1 is “How Currency Gets Into Circulation.” These are available from the Bank’s website:

<http://www.ny.frb.org/pihome/fedpoint>

O’Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 9.

O’Sullivan and Sheffrin. Website accompanying Economics. Chapters 27-28.
www.prenhall.com/osullivan

Perez. Instructor’s Manual. pp. 330-349.

RESOURCES/ACTIVITIES GUIDE (continued)

Part X Activities

Federal Reserve Bank Interactive Computer Simulations -

The Federal Reserve Bank of San Francisco has three interactive computer simulations available on monetary and fiscal policy. They are about how monetary and fiscal policy affect the economy. Players make fiscal and monetary policy decisions and see what happens to inflation and unemployment as a result. Players learn to appreciate how uncertainty makes the task of the policymaker very difficult. These simulations are available on the website:

<http://www.frbsf.org/econedu/curriculum/interact>

O'Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 10.

O'Sullivan and Sheffrin. Website accompanying Economics. Chapters 29-31.

www.prenhall.com/osullivan

Perez, Instructor's Manual. pp. 350-370.

Unit XI Activities

Current Issues 2003 pp. 236-249 – A concise summary of current issues in international trade as well as pro/con arguments about free trade, WTO, and oil imports.

O'Sullivan and Sheffrin. Economics: Active Learning CD-ROM. Unit 11.

O'Sullivan and Sheffrin. Website accompanying Economics. Chapters 32-33.

www.prenhall.com/osullivan

Perez. Instructor's Manual. pp. 371-402.

Yandell. Using Economic Experiments in the Classroom: Chapter 8 Simulation on comparative advantage.

Zinn. Declarations of Independence Chapter 7. "Economic Justice: The American Class System." Excellent basis for student discussion on alternative views of the American economy.

Final Project

See suggested materials for student assignment sheet and grading rubric

SUGGESTED AUDIO VISUAL/COMPUTER AIDS

“Economics USA” Video Series. Episodes 1-28 Burlington, VT: Annenberg CPB, 1986

O’Sullivan, Arthur and Sheffrin, Steven M. Economics: Principles and Tools: Second Edition Active Learning CD-ROM Upper Saddle River, NJ: Prentice Hall, 2001.

O’Sullivan, Arthur and Sheffrin, Steven M. Website to accompany Economics: Principles and Tools: Second Edition Active Learning Upper Saddle River, NJ: Prentice Hall, 2001. www.prenhall.com/osullivan

O’Sullivan, Arthur and Sheffrin, Steven M. Transparencies to accompany Economics: Principles and Tools: Second Edition Active Learning Upper Saddle River, NJ: Prentice Hall, 2001.

Menzel, Peter Material World: A Global Family Portrait CD-ROM Napa, CA: Material World Inc., 2001

“The Standard Deviants: Macroeconomics” Video. Cerebellum Corporation, 1999

“The Standard Deviants: Microeconomics” Video. Cerebellum Corporation, 1999

Wall Street Journal, Classroom Edition Videos
200 Burnett Road
Chicopee, MA 01020

SUGGESTED MATERIALS

Resources for Students

O’Sullivan, Arthur and Sheffrin, Steven M. Economics: Principles and Tools: Second Edition. Upper Saddle River, NJ: Prentice Hall, 2001.

Wall Street Journal, Classroom Edition.
200 Burnett Road
Chicopee, MA 01020

Resources for Teacher

Advanced Placement Course Descriptions: Economics. NY: The College Board, 1996.

AP Macroeconomics: Free Response Scoring Guide with Multiple Choice Section, 1995. NY: The College Board, 1995.

AP Microeconomics: Free Response Scoring Guide with Multiple Choice Section, 1995. NY: The College Board, 1995.

Carey, John and Barrett, Amy. “Drug Prices: What’s Fair.” Business Week, December 10, 2001 pp. 61-70.

Current Issues 2003, Alexandria, VA Close Up Foundation, 2002

Day, John. Teacher’s Guide to Advanced Placement (AP) Courses in Microeconomics. NY: The College Board, 1994.

Griffin, Nancy. Teacher’s Guide to Advanced Placement (AP) Courses in Macroeconomics. NY: The College Board, 1994.

Richard, Roger L., et. al. Advanced Placement Economics. Villa Maria, PA: The Center for Learning, 1996.

Morton, John S. Advanced Placement Economics – Microeconomics: Student Activities. NY: National Council on Economic Education, 1997.

Morton, John S. Advanced Placement Economics – Macroeconomics: Student Activities. NY: National Council on Economic Education, 1997.

Morton, John S. Advanced Placement Economics – Teacher Resource Manual. NY: National Council on Economic Education, 1996.

SUGGESTED MATERIALS (continued)

Perez, Stephen. Instructor's Manual Macroeconomics: Principles and Tools. Saddle River, NJ: Prentice Hall, 2001.

Stone, Léonie L. Instructor's Manual Microeconomics: Principles and Tools. Saddle River, NJ: Prentice Hall, 1998.

Swift, Jonathan A Modest Proposal, 1729.

Yandell, Dirk Using Economic Experiments in the Classroom. Saddle River, NJ: Prentice Hall, 1999

Zimmer, Stuart et al. Economics and You. New York, NY: 1994

Zinn, Howard Declarations of Independence New York, NY: Harper Perennial, 1990

AP ECONOMICS FINAL PROJECT

The Assignment:

1. Choose a specific economic topic of interest that fits into one or more of the broad categories listed on the “Topic Categories” sheet.
2. Gather data from current sources on your research topic.
3. Create a detailed report that provides a concise synthesis and analysis of the issue.
4. Present your data and analysis to the class.

The Data Gathering:

Most of your data for the project will most likely be gathered from online sources. You will be required to use at least five separate sources for your research. All online sources must be printed out in their entirety and included with the appendices in your final paper.

You will be given significant amounts of class time to gather data and research. Because of this, a portion of your grade on the project (18%) will be based upon your proper use of the class time provided.

The Paper:

Your paper will include:

1. Cover Page. Include name, topic, course name, and date.
2. Introduction. Explain the issue and its significance as well as the purpose of your research and paper.
3. Theory. Provide the reader with a background in the economic theories you will be using in your investigation. General graphs would go well in this section. Use this part to establish your credibility.
4. Data. Present all data you have gathered on the topic as well as the methods you used to evaluate that data. Graphs of your data would be appropriate in this section.
5. Conclusions. Summarize your results; do they match your theory? What are the implications of your findings?
6. Reference List (bibliography). Use proper MLA format and include full copies of all references.

AP ECONOMICS FINAL PROJECT (continued)

The Presentation:

You will be required to present your research to the class in a 5-7 minute presentation. This presentation should summarize your research, methods, data, and findings. Opportunity must be provided for entertaining audience questions.

Grading:

The grade on this project will be worth 3 tests (300 major points) and will be based upon the following:

50 points - Appropriate use of class research time

200 points - Research Paper

50 points - Class presentation

AP ECONOMICS FINAL PROJECT - Grading Sheet

Name:

Paper:

_____ Cover page with name, topic, course name, and date.

_____ Introduction to your topic, which explains the issue and its significance as well as the purpose of your research and paper.

_____ Theory. Provides the reader with a background in the economic theories used general graphs.

_____ Data. Presents all data gathered on the topic as well as the methods used to evaluate that data. Graphs of data

_____ Conclusions. Summarize results, do they match your theory? What are the implications?

_____ Reference list (bibliography) in proper MLA format and full copies of all references.

Presentation:

_____ Appropriate length and presentation style

_____ Appropriate visual aids

_____ Appropriate content and responses to questions

Grading:

_____ out of 50 points - Appropriate use of class research time

_____ out of 200 points - Research Paper

_____ out of 50 points - Class presentation (unless exempt)

Total = _____ out of _____ points = _____ %

ECONOMICS

“A Modest Proposal”

Name: _____

Period: _____

Instructions: Answer the following questions in complete sentences.

- 1) According to the author, what types of problems exist in Ireland?

- 2) What does the author propose as an ideal solution to these problems?

- 3) List six arguments the author used to support his ideas for a solution. Briefly explain each.
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6.

- 4) Is the author's idea economically reasonable? Why or why not?

- 5) Is the author's idea morally reasonable? Why or why not?

- 6) Why did the author write this? In other words, what was his goal?