

# **PETERS TOWNSHIP SCHOOL DISTRICT**

## **CORE BODY OF KNOWLEDGE**

### **AP ECONOMICS**

#### **GRADE 9 – 12**

For each of the sections that follow, students may be required to analyze, recall, explain, interpret, apply, or evaluate the particular concepts being taught.

#### **COURSE DESCRIPTION:**

AP Economics is a year long, college introductory level study of micro and macroeconomics. Successful students will be prepared for both the AP Microeconomics and AP Macroeconomics exams.

#### **STUDY SKILLS:**

- Organize a notebook, including disseminated materials culminating in a revision booklet.
- Use reading guides to develop note taking skills.
- Focus on classroom activities, actively engaging, offering thoughts and answer questions.
- Prepare for tests and quizzes using notes, practice assessments, module and unit text questions.

#### **1. BASIC ECONOMIC CONCEPTS**

- Define economics, compare macro and microeconomics
- Define and relate scarcity, opportunity costs, and the four factors of production to current topics
- Develop and analyze the production possibilities curve using economic concepts
- Compare and contrast the different economic systems
- Discuss the five elements of capitalism
- Assess the role of property rights as an incentive.
- Gain a basic understanding of the origins of capitalism
- Analyze decision making using marginal analysis.

#### **2. THE NATURE AND FUNCTION OF PRODUCT MARKETS**

- Show proficiency in problem-solving and graphing using the concepts of demand, law of demand, and changes in quantity demanded.
- Show proficiency in problem-solving and graphing using the concepts of supply, law of supply, and changes in quantity supplied.
- Construct graphs, interpret economic situations, and analyze likely graph changes.
- Apply the theories of elasticity and inelasticity of supply and demand to various hypothetical situations.
- Analyze specific questions concerning the putting together of supply and demand, recall basic facts about supply, demand, equilibrium, shortage, surplus, and shifts in curves.
- Explain changes in prices in relation to changes in income.
- Evaluate cause-effect relationships of various situations on price and quantity changes.
- Use supply and demand analysis to interpret current economic developments.
- Explain the costs and benefits of price controls.
- Graph and explain consumer and producer surplus.

- Examine the theories of producer costs and consumer choice.
- Compare short and long run costs.
- Graph and explain economies of scale.
- Demonstrate understanding of cost minimization.
- Discuss common traits among current entrepreneurs.
- Compare and contrast attributes of proprietorships, partnerships, and corporations.
- Explain the differences between various business costs.
- Discuss corporate finance and the operation of various financial markets.
- Gain an understanding of how risk, return, and liquidity affect various investment vehicles.
- Graph and explain economic profit, loss and breakeven in various market types.
- Evaluate costs and benefits of various market types.

### **3. FACTOR MARKETS**

- Derive and apply factor demand for various products.
- Calculate marginal revenue product.
- Describe factors for labor market demand.
- Identify the factors of production.
- Gain an understanding of how risk, return, and liquidity affect various investment vehicles.
- Graph and explain economic profit, loss and breakeven in various market types.
- Evaluate costs and benefits of various market types.
- Calculate marginal product.
- Distinguish between the four factor payments.
- Derive supply and demand curves for factor markets.

### **4. MARKET FAILURE**

- Describe the processes of market failure.
- Illustrate market failure graphically.
- Derive marginal social costs and benefits.
- Compare positive and negative externalities.
- Evaluate methods for reducing and eliminating externalities.
- Create incentives system for alleviating market failure.
- Identify examples of public goods.
- Debate the existence of public goods.
- Assess various government programs that address market failure.
- Discuss the various roles of the government in the operation and regulation of the economy
- Explain cost-benefit analysis in terms of government decision-making
- Compare, contrast, and graph price floors and ceilings and their economic effects
- Illustrate graphically positive and negative externalities.

### **5. MEASURING ECONOMIC PERFORMANCE**

- Define the Gross Domestic Product and its components
- Describe per capita Gross Domestic Product and assess their uses
- Define inflation and recession
- Relate inflation and recession to the business cycle
- Compare various models of economic management.
- Illustrate graphically aggregate models for unemployment, output, inflation and interest rate.
- Analyze the relationships between aggregate supply and aggregate demand to inflation and recession.
- Measure and compare purchasing power parity internationally.
- Discuss income distribution in the United States.

- Identify and explain U.S. economic objectives.
- Use fiscal and monetary policy as tools to implement economic goals.
- Discuss productivity and factors that can improve economic performance.
- Analyze progressive, regressive, and proportional taxes
- Differentiate between federal, state, and local taxes
- Explain the types of budgets and the budget process

## **6. FINANCIAL SECTOR:**

- Account for the savings-investment spending identity.
- Describe factors that impact the budget, including surplus and deficit.
- Describe capital inflows and outflows.
- Identify various financial assets and their characteristics.
- Explain the different roles of a financial system.
- Explain types and roles of money.
- Analyze strengths and weaknesses of different types of money.
- Calculate the money supply.
- Define present value theory.
- Analyze progressive, regressive, and proportional taxes
- Differentiate between federal, state, and local taxes
- Explain the types of budgets and the budget process
- Explain the process of money creation.
- Assess the impact of the money multiplier on the monetary base.
- Describe the structure and function of the Federal Reserve System.
- Debate the causes and consequences of financial crisis.

## **7. INFLATION, UNEMPLOYMENT, AND STABILIZATION:**

- Illustrate graphically the business cycle.
- Compare growth rates, inflation and unemployment data.
- Design a strategy to battle malignant deflation.
- Analyze output, inflation and unemployment data.
- Debate the importance of balancing the budget.
- Analyze the impact of monetary and fiscal policies on output, prices and unemployment.
- Invent a student weighted basket and consumer price index to measure the school price level.
- Evaluate the policies that were used to reduce inflation in various countries at various times.
- Hypothesize about how they would respond to hyperinflation.
- Analyze the impact of monetary and fiscal policies on productivity and wealth distribution.
- Illustrate graphically aggregate markets potential impact on exchange rates, trade balances, taxes and revenues.
- Distinguish between short and long-run effects of changes in interest rates and fiscal spending.
- Assess the efficacy of regulating interest rates using the money supply.
- Discuss policies for reducing unemployment, the natural rate of unemployment and structural unemployment.
- Evaluate policies for managing the level of inflation/deflation.
- Debate the efficacy of Keynesian versus classical theoretical economics to economic management.
- Describe the factors that influence the price level.
- Model inflation and inflationary policy in the short and long-run.
- Debate the effect of monetary and fiscal stimulus to an economic downturn.

## **8. ECONOMIC GROWTH AND PRODUCTIVITY**

- Compare real GDP and Per Capital GDP across countries and time.
- Calculate growth rates across countries.
- Explain factors that impact growth in productivity.
- Assess the factors that impact growth in productivity.
- Discuss the role of culture to productivity.
- Describe the process of diminishing returns to capital.
- Design a system to improve productivity in their lives, in the school, in their community.
- Illustrate graphically productivity growth and diminishing returns.
- Theorize about the impact that the convergence theory will have on different segments of the US economy.
- Analyze various policies that were implemented in order to increase productivity.
- Assess the impact of economic growth on the environment.
- Illustrate graphically aggregate changes to the economy using production frontiers and supply and demand models.
- Distinguish between long and short-run changes to prices and output.

## **9. INTERNATIONAL ECONOMICS**

- Compare and contrast benefits and shortcomings of free trade
- Explain the principles of comparative advantage
- Discuss monetary exchange rates
- Assess the winners and losers of free trade in agriculture.
- Illustrate graphically comparative advantage, exchange rate models and circular flow models.
- Describe the factors of the aggregates, exchanges rates, current and capital accounts and terms of trade.
- Apply knowledge of determinates to various exchange rate markets.
- Hypothesize about the economic interconnectedness and to what degree economics impact each other.
- Assess the impact of active management of exchange rates.
- Evaluate the costs and benefits of floating a currency.

### **Materials and Supplemental**

- Krugman's Economics for AP by Margaret Ray and David Anderson
- Economics by Example by David Anderson
- Advanced Placement Economics by Gary Stone
- Naked Economics by R. Wheelan
- Capstone, Exemplary Lessons in Economics
- Commanding Heights by Yergin and Stanislaw
- Oxford Revision Guide to Economics

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