

AP[®] Macroeconomics

About the Advanced Placement Program[®] (AP[®])

The Advanced Placement Program[®] has enabled millions of students to take college-level courses and earn college credit, advanced placement, or both, while still in high school. AP Exams are given each year in May. Students who earn a qualifying score on an AP Exam are typically eligible, in college, to receive credit, placement into advanced courses, or both. Every aspect of AP course and exam development is the result of collaboration between AP teachers and college faculty. They work together to develop AP courses and exams, set scoring standards, and score the exams. College faculty review every AP teacher's course syllabus.

AP Economics Program

The AP Program offers two courses in economics: AP Macroeconomics and AP Microeconomics. Each course corresponds to one semester of a typical introductory college course in economics. AP Macroeconomics focuses on the principles that apply to an economic system as a whole. AP Microeconomics focuses on the principles of economics that apply to the functions of individual decision-makers, both consumers and producers, within the economic system.

AP Macroeconomics Course Overview

AP Macroeconomics is a college-level course that introduces students to the principles that apply to an economic system as a whole. The course places particular emphasis on the study of national income and price-level determination. It also develops students' familiarity with economic performance measures, the financial sector, stabilization policies, economic growth, and international economics. Students learn to use graphs, charts, and data to analyze, describe, and explain economic concepts.

AP Macroeconomics is equivalent to a one-semester introductory college course in economics.

RECOMMENDED PREREQUISITES

There are no prerequisites for AP Macroeconomics. Students should be able to read a college-level textbook and possess basic mathematics and graphing skills.

AP Macroeconomics Course Content

The course content is organized into six commonly taught units, which have been arranged in the following suggested, logical sequence:

- **Unit 1:** Basic Economic Concepts
- **Unit 2:** Economic Indicators and the Business Cycle
- **Unit 3:** National Income and Price Determination
- **Unit 4:** Financial Sector
- **Unit 5:** Long-Run Consequences of Stabilization Policies
- **Unit 6:** Open Economy—International Trade and Finance

Each unit is broken down into teachable segments called topics.

In addition, the following big ideas serve as the foundation of the course, enabling students to create meaningful connections among concepts and develop deeper conceptual understanding:

- **Big Idea 1:** Economic Measurements
- **Big Idea 2:** Markets
- **Big Idea 3:** Macroeconomic Models
- **Big Idea 4:** Macroeconomic Policies

Course Skills

The following skill categories describe what skills students should develop during the course:

- Principles and Models
 - ◆ Define economic principles and models.
- Interpretation
 - ◆ Explain given economic outcomes.
- Manipulation
 - ◆ Determine outcomes of specific economic situations.
- Graphing and Visuals
 - ◆ Model economic situations using graphs or visual representations.

AP Macroeconomics Exam Structure

AP MACROECONOMICS EXAM: 2 HOURS, 10 MINUTES

Assessment Overview

The AP Macroeconomics Exam assesses student understanding of the skills and learning objectives outlined in the course framework. The exam is 2 hours and 10 minutes long and includes 60 multiple-choice questions and 3 free-response questions.

Format of Assessment

Section I: Multiple-choice | 60 Questions | 70 Minutes | 66.65% of Exam Score

- The multiple-choice questions will assess students' ability to define economic principles and models, explain given economic outcomes, and determine outcomes of specific economic situations.
- Approximately one-fifth of multiple-choice questions will include analyzing numbers or performing calculations.

Section II: Free-response | 3 Questions | 60 minutes | 33.35% of Exam Score

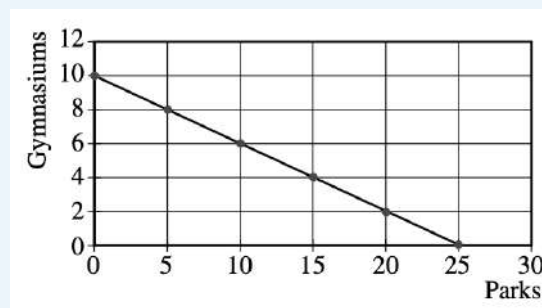
- All four skill categories will be assessed in 3 free-response questions:
 - ◆ Question 1: Long (10 points)
 - ◆ Question 2: Short (5 points)
 - ◆ Question 3: Short (5 points)

Exam Components

Sample Multiple-Choice Question

The graph shows the production possibilities curve for a small township that is deciding to build parks and gymnasiums. Which of the following combinations of parks and gymnasiums is unattainable given the township's available resources?

- (A) 5 parks and 6 gymnasiums
- (B) 5 parks and 8 gymnasiums
- (C) 10 parks and 6 gymnasiums
- (D) 15 parks and 4 gymnasiums
- (E) 20 parks and 4 gymnasiums



Correct Answer: E

Sample Free-Response Question

Country X has a fractional reserve banking system. The reserve requirement is 25%, and the banks in Country X hold no excess reserves. Assume Mary deposits \$100,000 in Bank A in Country X.

- (a) Calculate the maximum amount of loans that Bank A could make as a result of Mary's deposit. Show your work.
- (b) Calculate the maximum possible change in demand deposits in the banking system of Country X as a result of Mary's deposit. Show your work.
- (c) Is the maximum possible change in the money supply in the banking system of Country X greater than, less than, or equal to the maximum possible change in demand deposits identified in part (b) as a result of Mary's deposit? Explain.
- (d) Draw a correctly labeled graph of the money market. Show the effect of the change in the money supply on the nominal interest rate.