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# AP<sup>®</sup> Macroeconomics

COURSE AND EXAM DESCRIPTION

Effective  
Fall 2020

# AP<sup>®</sup> Macroeconomics

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## COURSE AND EXAM DESCRIPTION

Effective  
**Fall 2020**

**AP COURSE AND EXAM DESCRIPTIONS ARE UPDATED PERIODICALLY**

Please visit AP Central ([apcentral.collegeboard.org](https://apcentral.collegeboard.org)) to determine whether a more recent course and exam description is available.

# Introduction

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*The AP Macroeconomics course outlined in this framework reflects a commitment to what economics teachers, professors, and researchers have agreed is the main goal of a college-level macroeconomics course: to introduce students to the principles that apply to an economic system as a whole.*

The *AP Macroeconomics Course and Exam Description* defines concepts, skills, and understandings required by representative colleges and universities for granting college credit or placement. The course prepares students to think like economists by using principles and models to describe economic situations and predict and explain outcomes. Like economists, students do so by using graphs, charts, and data.

Although the course framework is designed to provide a clear and detailed description of the course content and skills, it is not a curriculum. A college-level textbook that covers required course content should be used, and teachers create their own curricula to meet the needs of their students and any state or local requirements.

# Course Framework Components

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## Overview

This course framework provides a clear and detailed description of the course requirements necessary for student success.

### The course framework includes two essential components:

#### 1 COURSE SKILLS

The course skills are central to the study and practice of economics. Students should develop and apply the described skills on a regular basis over the span of the course.

#### 2 COURSE CONTENT

The course content is organized into commonly taught units of study that provide a suggested sequence for the course. These units comprise the content and conceptual understandings that colleges and universities typically expect students to master to qualify for college credit and/or placement. This content is grounded in big ideas, which are cross-cutting concepts that build conceptual understanding and spiral throughout the course.

# 1

## AP MACROECONOMICS

# Course Skills

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The AP Economics skills describe what a student should be able to do while exploring course concepts. The table that follows presents these skills, which students should develop during the AP Macroeconomics and AP Microeconomics courses. These skills form the basis of the tasks on the AP Exam.

The unit guides later in this publication embed and spiral these skills throughout the course, providing teachers with one way to integrate the skills in the course content with sufficient repetition to prepare students to transfer those skills when taking the AP Exam. Course content may be paired with a variety of skills on the AP Exam.

More detailed information about teaching the course skills can be found in the Instructional Approaches section of this publication.



# AP Economics Skills

## Skill Category 1

### *Principles and Models* **1**

Define economic principles and models.

## Skill Category 2

### *Interpretation* **2**

Explain given economic outcomes.

## Skill Category 3

### *Manipulation* **3**

Determine outcomes of specific economic situations.

## Skill Category 4

### *Graphing and Visuals* **4**

Model economic situations using graphs or visual representations.

## SKILLS

**1.A** Describe economic concepts, principles, or models.

**1.B** Identify an economic concept, principle, or model illustrated by an example.

**1.C** Identify an economic concept, principle, or model using quantitative data or calculations.

**1.D** Describe the similarities, differences, and limitations of economic concepts, principles, or models.

**2.A** Using economic concepts, principles, or models, explain how a specific economic outcome occurs or what action should be taken in order to achieve a specific economic outcome.

**2.B** Using economic concepts, principles, or models, explain how a specific economic outcome occurs when there are multiple contributing variables or what multiple actions should be taken in order to achieve a specific economic outcome.

**2.C** Interpret a specific economic outcome using quantitative data or calculations.

**3.A** Determine the outcome of an economic situation using economic concepts, principles, or models.

**3.B** Determine the effect(s) of one or more changes on other economic markets.

**3.C** Determine the effect(s) of a change in an economic situation using quantitative data or calculations.

**4.A** Draw an accurately labeled graph or visual to represent an economic model or market.

**4.B** Demonstrate your understanding of a specific economic situation on an accurately labeled graph or visual.

**4.C** Demonstrate the effect of a change in an economic situation on an accurately labeled graph or visual.

## 2

## AP MACROECONOMICS

# Course Content

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Based on the Understanding by Design® (Wiggins and McTighe) model, this course framework provides a clear and detailed description of the course requirements necessary for student success. The framework specifies what students must know, be able to do, and understand, with a focus on big ideas that encompass core principles and theories of the discipline. The framework also encourages instruction that prepares students for advanced economics coursework.

### Big Ideas

The big ideas serve as the foundation of the course and allow students to create meaningful connections among concepts. They are often overarching concepts or themes that become threads that run throughout the course. Revisiting the big ideas and applying them in a variety of contexts allows students to develop deeper conceptual understanding. Below are the big ideas of the course and a brief description of each:

#### **BIG IDEA 1: ECONOMIC MEASUREMENTS (MEA)**

Economists construct measurements to monitor the state of an economy and evaluate its performance over time. Governments, firms, and citizens often use these measurements to help inform policy, business, and personal decisions.

#### **BIG IDEA 2: MARKETS (MKT)**

Competitive markets bring together buyers and sellers to exchange goods and services for mutual gain. The simple model of supply–demand can be applied in different market contexts.

#### **BIG IDEA 3: MACROECONOMIC MODELS (MOD)**

Macroeconomic models are simplified representations that depict basic economic relationships and can be used to predict and explain how those relationships are affected by economic shocks.

#### **BIG IDEA 4: MACROECONOMIC POLICIES (POL)**

Government taxation and spending policies and central bank monetary policy can affect an economy’s output, price level, and level of employment, both in the short run and in the long run.

## UNITS

The course content is organized into commonly taught units. The units have been arranged in a logical sequence frequently found in many college courses and textbooks.

The six units in AP Macroeconomics and their weighting on the multiple-choice section of the AP Exam are listed below.

Pacing recommendations at the unit level and on the Course at a Glance provide suggestions for how to teach the required course content and administer the Personal Progress Checks. The suggested class

periods are based on a schedule in which the class meets five days a week for 45 minutes each day, with the assumption that there are approximately 70 instructional days per semester. While these recommendations have been made to aid planning, teachers should of course adjust the pacing based on the needs of their students, alternate schedules (e.g., block scheduling), or their school's academic calendar.

## TOPICS


Each unit is broken down into teachable segments called topics. The topic pages (starting on page 34) contain the required content for each topic.

Units	Exam Weighting
<b>Unit 1:</b> Basic Economic Concepts	<b>5–10%</b>
<b>Unit 2:</b> Economic Indicators and the Business Cycle	<b>12–17%</b>
<b>Unit 3:</b> National Income and Price Determination	<b>17–27%</b>
<b>Unit 4:</b> Financial Sector	<b>18–23%</b>
<b>Unit 5:</b> Long-Run Consequences of Stabilization Policies	<b>20–30%</b>
<b>Unit 6:</b> Open Economy—International Trade and Finance	<b>10–13%</b>



# Spiraling the Big Ideas

The following table shows how the big ideas spiral across units.

Big Ideas	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6
	<i>Basic Economic Concepts</i>	<i>Economic Indicators and the Business Cycle</i>	<i>National Income and Price Determination</i>	<i>Financial Sector</i>	<i>Long-Run Consequences of Stabilization Policies</i>	<i>Open Economy—International Trade and Finance</i>
<b>Economic Measurements</b> <b>MEA</b>		✓		✓	✓	✓
<b>Markets</b> <b>MKT</b>	✓			✓		✓
<b>Macroeconomic Models</b> <b>MOD</b>	✓		✓		✓	
<b>Macroeconomic Policies</b> <b>POL</b>			✓	✓	✓	

# Course at a Glance

## Plan

The Course at a Glance provides a useful visual organization of the AP Macroeconomics curricular components, including:

- Sequence of units, along with approximate weighting and suggested pacing. Please note, pacing is based on 45-minute class periods, meeting five days each week for a full academic semester.
- Progression of topics within each unit.
- Spiraling of the big ideas and skills across units.

## Teach

### SKILL CATEGORIES

*Skill categories spiral throughout the course.*

- |                                |                               |
|--------------------------------|-------------------------------|
| <b>1</b> Principles and Models | <b>3</b> Manipulation         |
| <b>2</b> Interpretation        | <b>4</b> Graphing and Visuals |

### BIG IDEAS

*Big ideas spiral across topics and units.*

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| <b>MEA</b> Economic Measurements | <b>MOD</b> Macroeconomic Models   |
| <b>MKT</b> Markets               | <b>POL</b> Macroeconomic Policies |

## Assess

Assign the Personal Progress Checks—either as homework or in class—for each unit. Each Personal Progress Check contains formative multiple-choice and free-response questions. The feedback from the Personal Progress Checks shows students the areas where they need to focus.

**UNIT**  
**1**

**Basic Economic Concepts**

**~8–10** Class Periods

**5–10%** AP Exam Weighting

MOD	1	<b>1.1 Scarcity</b>
MOD	4	<b>1.2 Opportunity Cost and the Production Possibilities Curve (PPC)</b>
MKT	1	<b>1.3 Comparative Advantage and Gains from Trade</b>
MKT	4	<b>1.4 Demand</b>
MKT	4	<b>1.5 Supply</b>
MKT	4	<b>1.6 Market Equilibrium, Disequilibrium, and Changes in Equilibrium</b>

### Personal Progress Check 1

**Multiple-choice: ~20 questions**  
**Free-response: 2 questions**

- Short
- Short

**UNIT**  
**2**

**Economic Indicators and the Business Cycle**

**~9–11** Class Periods

**12–17%** AP Exam Weighting

MEA	1	<b>2.1 The Circular Flow and GDP</b>
MEA	1	<b>2.2 Limitations of GDP</b>
MEA	1	<b>2.3 Unemployment</b>
MEA	2	<b>2.4 Price Indices and Inflation</b>
MEA	3	<b>2.5 Costs of Inflation</b>
MEA	1	<b>2.6 Real v. Nominal GDP</b>
MEA	1	<b>2.7 Business Cycles</b>

### Personal Progress Check 2

**Multiple-choice: ~20 questions**  
**Free-response: 2 questions**

- Short
- Short

**UNIT  
3**

**National Income  
and Price  
Determination**

**~10–12** Class Periods **17–27%** AP Exam Weighting

<b>MOD</b> 4	<b>3.1</b> Aggregate Demand (AD)
<b>MOD</b> 3	<b>3.2</b> Multipliers
<b>MOD</b> 4	<b>3.3</b> Short-Run Aggregate Supply (SRAS)
<b>MOD</b> 1	<b>3.4</b> Long-Run Aggregate Supply (LRAS)
<b>MOD</b> 4	<b>3.5</b> Equilibrium in the Aggregate Demand–Aggregate Supply (AD–AS) Model
<b>MOD</b> 4	<b>3.6</b> Changes in the AD–AS Model in the Short Run
<b>MOD</b> 3	<b>3.7</b> Long-Run Self-Adjustment
<b>POL</b> 2	<b>3.8</b> Fiscal Policy
<b>POL</b> 1	<b>3.9</b> Automatic Stabilizers

**Personal Progress Check 3**

**Multiple-choice:** ~25 questions  
**Free-response:** 2 questions  
 ▪ Short  
 ▪ Short

**UNIT  
4**

**Financial Sector**

**~11–13** Class Periods **18–23%** AP Exam Weighting

<b>MEA</b> 1	<b>4.1</b> Financial Assets
<b>MEA</b> 1	<b>4.2</b> Nominal v. Real Interest Rates
<b>MEA</b> 1	<b>4.3</b> Definition, Measurement, and Functions of Money
<b>POL</b> 3	<b>4.4</b> Banking and the Expansion of the Money Supply
<b>MKT</b> 4	<b>4.5</b> The Money Market
<b>POL</b> 2	<b>4.6</b> Monetary Policy
<b>MKT</b> 4	<b>4.7</b> The Loanable Funds Market

**Personal Progress Check 4**

**Multiple-choice:** ~20 questions  
**Free-response:** 2 questions  
 ▪ Short  
 ▪ Short

**UNIT  
5**

**Long-Run  
Consequences  
of Stabilization  
Policies**

**~8–10** Class Periods **20–30%** AP Exam Weighting

<b>POL</b> 2	<b>5.1</b> Fiscal and Monetary Policy Actions in the Short Run
<b>MOD</b> 4	<b>5.2</b> The Phillips Curve
<b>POL</b> 3	<b>5.3</b> Money Growth and Inflation
<b>POL</b> 3	<b>5.4</b> Government Deficits and the National Debt
<b>POL</b> 3	<b>5.5</b> Crowding Out
<b>MEA</b> <b>MOD</b> 2	<b>5.6</b> Economic Growth
<b>POL</b> 2	<b>5.7</b> Public Policy and Economic Growth

**Personal Progress Check 5**

**Multiple-choice:** ~20 questions  
**Free-response:** 1 question  
 ▪ Long

UNIT  
**6**

Open Economy—  
International  
Trade and  
Finance

**~5–7**

Class  
Periods

**10–13%**

AP Exam  
Weighting

MEA 1	6.1 Balance of Payments Accounts
MKT 1	6.2 Exchange Rates
MKT 4	6.3 The Foreign Exchange Market
MKT 4	6.4 Effect of Changes in Policies and Economic Conditions on the Foreign Exchange Market
MKT 3	6.5 Changes in the Foreign Exchange Market and Net Exports
MKT 3	6.6 Real Interest Rates and International Capital Flows

**Personal Progress Check 6**

Multiple-choice: ~20 questions

Free-response: 1 question

- Long