

Unit 2: National Income and Price Determination

Content Area:

Course(s):

Time Period: **Year**

Length: **180**

Status: **Published**

Summary

In this unit, students will learn how to represent and evaluate these concepts in the context of a specific economic model: the aggregate demand–aggregate supply model. The aggregate demand–aggregate supply model is a powerful tool that allows economists to represent the impact of spending and production decisions, economic fluctuations, and policy actions on macroeconomic outcomes, including output, income, unemployment, and inflation. Adopted from AP Macroeconomics Course and Exam Description, effective Fall 2022.

Standards

H/SS.MACE.II	Measurement of Economic Performance
H/SS.MACE.III	National Income and Price Determination

Priority Content Standards

Supplemental Content Standards

ECON.12.5	Trade
ECON.12.6	Specialization
ECON.12.7	Markets and Prices
ECON.12.7.2	Identify markets in which they have participated as a buyer and as a seller and describe how the interaction of all buyers and sellers influences prices. Also, predict how prices change when there is either a shortage or surplus of the product available.

Interdisciplinary Connections (Standards)

Please select relevant "Standards for Mathematical Practice (2023)", science and engineering practice standards "Grades 9-12/6-8 (2023)", ELA anchor statements, Social Studies practice standards. (3-6 total are suggested)

Obtaining, Evaluating, and Communicating Information
 Using Mathematics and Computational Thinking
 Developing and Using Models
 Constructing Explanations and Designing Solutions
 Analyzing and Interpreting Data
 Engaging in Argument from Evidence
 Asking Questions and Defining Problems

Career Readiness, Life Literacies, and Key Skills PRACTICES

These practices should be taught and reinforced in all content areas with increasingly higher levels of complexity and expectation as a student advances through a program of study.

WRK.K-12.P.1	Act as a responsible and contributing community members and employee.
WRK.K-12.P.2	Attend to financial well-being.
WRK.K-12.P.3	Consider the environmental, social and economic impacts of decisions.
WRK.K-12.P.4	Demonstrate creativity and innovation.
WRK.K-12.P.5	Utilize critical thinking to make sense of problems and persevere in solving them.
WRK.K-12.P.6	Model integrity, ethical leadership and effective management.
WRK.K-12.P.7	Plan education and career paths aligned to personal goals.
WRK.K-12.P.8	Use technology to enhance productivity increase collaboration and communicate effectively.
WRK.K-12.P.9	Work productively in teams while using cultural/global competence.

Climate Change Standards

Select the Performance Expectations.

[ClimateChange Education](#)

Stage I: Desired Results

STAGE I Desired Results
<i>Learning Objective</i>
<p><i>Students will be able to independently use their learning to...</i></p> <ul style="list-style-type: none"> • Calculate the short-run effects of a fiscal policy action. • Explain the response of output, employment, and the price level to an aggregate demand or aggregate supply shock in the long run. • Explain the slope of the SRAS curve and its determinants.

- Explain the short-run and long-run equilibrium price level and output level.

Mastery

Enduring Understanding

Students will understand that...

- The aggregate demand (AD) curve describes the relationship between the price level and the quantity of goods and services demanded by households (consumption), firms (investment), government (government spending), and the rest of the world (net exports).
- The expenditure multiplier quantifies the size of the change in aggregate demand as a result of a change in any of the components of aggregate demand.
- In the long run all prices and wages are fully flexible, while in the short run some input prices are fixed. A consequence of flexible long-run prices and wages is the lack of a long-run trade-off between inflation and unemployment.
- Changes in government spending affect aggregate demand directly, and changes in taxes/transfers affect aggregate demand indirectly.
- Expansionary or contractionary fiscal policies are used to restore full employment when the economy is in a negative (i.e., recessionary) or positive (i.e., inflationary) output gap.

Essential Questions/ Big Ideas

How do spending and production decisions made by households, businesses, the government, and the rest of the world affect an economy?
How do policy decisions regarding taxation and government spending affect an economy?

Acquisition

Essential Knowledge. . .

Define the aggregate demand (AD) curve.

Define the expenditure multiplier, the tax multiplier, the marginal propensity to consume, and the marginal propensity to save.

Define the short-run aggregate supply (SRAS) curve.

Define the long-run aggregate supply (LRAS) curve.

Explain the short-run and long-run equilibrium price level and output level.

Explain the response of output, employment, and the price level to an aggregate demand or aggregate supply shock in the short run.

Suggested skills...

Drawing an accurately labeled graph or visual to represent an economic model or market.

Determining the effect(s) of a change in an economic situation using quantitative data or calculations.

Determining the outcome of an economic situation using economic concepts, principles, or models.

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.

Define fiscal policy and related terms.	
Define automatic stabilizers.	

Stage II: Assessment Evidence

STAGE II Assessment Evidence	
Practices	Assessments
AP Progress Check Current events to calculate aggregate demand Group free response practices	Unit 2 Test Aggregate demand and aggregate supply modeling Fiscal policy project

Modifications

- Additional time on assessments
- Guided notes
- Audio/video examples
- Study guides

Acceleration

- Additional graphing practice
- Supplemental readings
- Additional free response question practice

Stage III: Learning Plan

Unit 2: 2-3 weeks

- Lesson 1.1: National Income and Price Determination
- Lesson 1.2: Aggregate Demand
- Lesson 1.3: Multipliers
- Lesson 2.1: Short and Long Run Aggregate Supply
- Lesson 2.2: Equilibrium in the Aggregate Demand and Aggregate Supply Model in the Short Run
- Lesson 2.3: Long-Run Self-Adjustment/ Fiscal Policy/Automatic Stabilizers
- Lesson 3.1: Fiscal policy project
- Lesson 3.2: Unit 2 Test

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Diversity, Equity, & Inclusion

Diversity, Equity & Inclusion

This unit will explore how individuals and nations of various identities make sending decisions that impact the global economy.

Specific Resources for Unit

[jacob clifford youtube channel](#) & [website](#)

[Jason Welker youtube channel](#) (has useful videos aligned to the course and a ton of videos about graphs)

[Review Econ \(Jacob Reed\) youtube channel](#)

[Heimler History AP Macro](#)

[MRU online course](#)* (has not only review videos but teacher resources, review games, etc to use)

[Federal Reserve Education](#) (can filter the site based on unit/topic and it will provide lesson plans that you can download as a PDF or link to google classroom)

[AP practice exams.com](#) (useful platform with practice questions, links to helpful videos/youtube channels)

[The Economist youtube channel](#) (various videos pertaining to economics)

[Economics Explained](#) (various videos pertaining to economics)

[Think Econ](#) (great resource with many videos pertaining to the course)

[One minute economics](#) (short videos about different economic topics)

[UMASS Amherst economics](#) (videos from professors)

[Department of Economics Oxford U](#)

[Crash course economics](#) (same as the John Green network making these crash course videos)

[AP Macro Khan Academy](#)

Links to helpful websites

[PBS learning](#)

[curious economist](#)

[science journal for kids](#)

Technology Integration

Northern supports the integration of the [SAMR Model](#): a framework which extends learning through the use of technology. The installation of interactive boards, the purchase of softwares and subscriptions, and the investment in 1:1 laptops and various other instructional technologies are examples of Northern's commitment to enhancing students' learning and preparing the 21st century learner for college and careers.

