



AP MACROECONOMICS UNIT III KARL MARX AND MARKET FAILURE

UNIT OF STUDY	UNIT OBJECTIVES	READINGS FROM KRUGMAN	GRAPHS
<ol style="list-style-type: none"> 1. KARL MARX and SOCIALISM 2. FLAWS OF CAPITALISM <ol style="list-style-type: none"> a. EXTERNALITIES -PUBLIC COSTS b. ASYMMETRIC INFORMATION c. PUBLIC GOODS d. IMPERFECT COMPETITION -MONOPOLY e. INEQUITY f. BUSINESS CYCLES 3. GROSS DOMESTIC PRODUCT -NATIONAL INCOME ACCOUNTING 4. UNEMPLOYMENT <ol style="list-style-type: none"> a. FRICTIONAL b. CYCLICAL c. STRUCTURAL 5. INFLATION <ol style="list-style-type: none"> a. COST-PUSH b. DEMAND-PULL c. MARKET BASKETS and CPI 	<ol style="list-style-type: none"> 1. Define and Describe public goods, externalities, inequity, asymmetric information, and imperfect markets. 4. Define and give examples of public solutions to free market flaws. 5. Describe the phases of the Business Cycle 6. Identify the phases of the Business Cycle when given the appropriate economic data 7. Describe the purpose of National Income Accounting 8. Define Gross Domestic Product, and explain how GDP is measured 9. Explain what Goods and Services are counted in GDP as Consumption, Investment, Government Expenditures, and Net Exports 10. Compute GDP using both the Income and Expenditure methods 11. Explain how Unemployment is measured 12. Calculate Unemployment and Employment Rates from appropriate data 13. Differentiate between Frictional, Cyclical, Structural and Seasonal Unemployment 14. Use Okun's law and apply it to unemployment rates and the PPF 15. Describe the purpose of a Price Index 16. Explain how a Price Index is calculated 17. Use a Price Index to calculate the rate of Inflation 18. Describe the difference between Nominal and Real GNP 	<p><u>Module 2, pp. 10 - 15</u> Business Cycles</p> <p><u>Module 10, pp. 102 - 110</u>: The Circular Flow</p> <p><u>Module 11, pp. 112 - 116</u>: GDP</p> <p><u>Module 12, pp. 118 - 124</u>: Unemployment</p> <p><u>Module 13, pp. 126 - 132</u>: Okun's Law</p> <p><u>Module 14, pp. 134 - 140</u>: Inflation</p> <p><u>Module 15, pp. 142 - 147</u>: CPI</p> <p><u>SUPPLEMENTAL SOURCES</u></p> <p><i>The Angry Oracle called Karl Marx</i> -Buccholtz</p> <p><u>MEDIA</u></p> <p>Economics USA #3 Economics USA #21</p>	<p>The Circular Flow Revisited</p>