

AP[®] Microeconomics

Syllabus 1

Objectives: Students will be able to

- Demonstrate economic questioning and analysis skills. [C1]
- Interpret a variety of graphical models [C6] and paraphrase economic concepts.
- Analyze the development of modern economic theory.
- Explain the basic connections between economics and calculus.
- Use and interpret the language of business and basic measurements of economics performance.
- Apply economic skills and concept knowledge to higher college-level economic courses.

C1—The course teaches students basic economic concepts

C6—The course teaches how to generate, interpret, label, and analyze graphs, charts, and data to describe and explain economic concepts

Course Planner

Content Summary

Semester 1—Microeconomics

1. Basic economic concepts: scarcity, choice, opportunity cost, PPF [C1]
2. Nature and function of product markets: supply and demand, elasticity, consumer choice, firm production costs and revenues, pricing, perfect competition, imperfect competition [C2]
3. Factor markets: derived demand, factor pricing [C3]
4. History of economic thought: Adam Smith, Thomas Malthus, David Ricardo, Karl Marx, John Maynard Keynes
5. Role of government: government regulation, public goods, externalities distribution of wealth [C4]
6. Gains from trade and absolute and comparative advantage [C1]

C2—The course provides students with instruction in the nature and functions of product markets

C3—The course provides students with instruction in factor markets

C4—The course provides students with instruction in market failure and the role of government

Unit 1: Basic Concepts

1 week

Key Topics: Scarcity, Choice, Opportunity Cost, PPF, Basic Marginal Benefit/Marginal Cost Analysis [C1, C5]

C1—The course teaches students basic economic concepts

Readings: Mankiw, *Principles of Economics*, Chapter 1, pp. 4–11; Chapter 2, pp. 24–28

Assessment: Quiz with two short-answer questions and six to eight multiple-choice questions

C5—The course promotes understanding of economic decision-making and its factors, such as marginal analysis and opportunity costs

Unit 2: Supply and Demand

3 weeks

Topics: Demand, Law of Diminishing Marginal Benefits, Supply, Consumer and Producer Surplus, Consumer Choice/Optimal Purchase Rule, Allocative Efficiency, Deadweight Loss, Elasticity, Total Revenue Test, Price Discrimination, Price Floors and Ceilings, Efficiency versus Equity [C2]

C2—The course provides students with instruction in the nature and functions of product markets

Readings: Mankiw, *Principles of Economics*, Chapter 4; Chapter 5, pp. 89–99; Chapter 6; Chapter 7; Chapter 8, pp. 164–69; Chapter 15, pp. 337–39

Assessment: Test with one long-answer question, two short-answer questions, and eight to twelve multiple-choice questions.

Unit 3: Costs and Revenues (emphasis on graphs) [C6]

3 weeks

Topics: Law of Diminishing Marginal Returns, Economies of Scale, Costs (fixed, variable, marginal), Cost Curves (relationship between curves), Total and Marginal Revenues, Profit and Loss (MR/MC and TR/TC), Break-Even, Shut Down, Economic Profit versus Normal Profit [C2]

C6—The course teaches how to generate, interpret, label, and analyze graphs, charts, and data to describe and explain economic concepts

Readings: Mankiw, *Principles of Economics*, Chapter 13

Assessment: Test with one long-answer question, two short-answer questions, and eight to twelve multiple-choice questions

Unit 4: Perfect Competition

3 weeks

Topics: Assumptions, Relationship between Industry and Firm, Profit Maximization, Long-Run Equilibriums, Short-Run Equilibriums and the Adjustment Mechanism, Allocative Efficiency [C2] (for a firm)

Readings: Mankiw, *Principles of Economics*, Chapter 14

Assessment: Test with one long-answer question, two short-answer questions, and eight to twelve multiple-choice questions

Unit 5: Imperfect Competition

3 weeks

Topics: Relationship Between Price and MR, Barriers to Entry, Profit Maximization, Monopoly, Regulation, Natural Monopoly, Oligopoly and Duopoly Game Theory with Game Tree and Payoff Matrix (dominant strategy, Nash Equilibrium, collusion, prisoner's dilemma, interdependence), Collusive Oligopoly, Monopolistic Competition (long run and short run) (Note: In each imperfectly competitive

market structure, examine its effect on allocative efficiency and consumer and producer surplus, and make comparisons to perfect competition.) [C2]

C2—The course provides students with instruction in the nature and functions of product markets

Readings: Mankiw, *Principles of Economics*, Chapter 15; Chapter 16, pp. 345-61; Chapter 17, pp. 373-80, 385

Assessment: Test with one long-answer question, two short-answer questions, and eight to twelve multiple-choice questions

Unit 6: Factor Markets

2 weeks

Topics: Factors of Production (review definitions of marginal revenue, marginal product, the law of diminishing marginal returns), Derived Demand, Marginal Revenue Product Analysis, Optimal Purchase Rule, Perfectly Competitive Factor Markets, Profit Maximization/Cost Minimization Rules, Monopsony, Economic Rent, Distribution of Income Among Factors, Unions [C3, C5]

C3—The course provides students with instruction in factor markets

C5—The course promotes understanding of economic decision-making and its factors, such as marginal analysis and opportunity costs

Readings: Mankiw, *Principles of Economics*, Chapters 18 and 19; Chapter 20, pp. 440-45

Assessment: Quiz with two short-answer questions and six to eight multiple-choice questions

Unit 7: The Role of Government

2 weeks

Topics: Role of Government, Public versus Private Goods, Marginal Social Cost/Marginal Social Benefit Analysis, Market Failures, Positive and Negative Externalities, Taxes, Free Riders, “Tragedy of the Commons” [C4]

C4—The course provides students with instruction in market failure and the role of government

Readings: Mankiw, *Principles of Economics*, Chapters 10 and 11 (and parts of 12, if time allows)

Assessment:

1. Quiz with two short-answer questions and six to eight multiple-choice questions
2. Extra-credit AP® Exam free-response section

Comprehensive Final Exam: One long-answer question, two short-answer questions, and a full multiple-choice section (60 questions) of an AP Released Exam. Two hours are planned for the exam.

Teaching Strategies

- **Complete AP Exam problems in class.** Give students 10 to 15 minutes to work out the answers to an old AP free-response question. Let the students work in small groups if they (or you) prefer. When a group finishes quickly, have them put their answer on the board. I do this several days a week, at either the beginning or the end of the period. It has several benefits:

- Visit weaker groups or students so that they can get some individualized instruction.
 - Assess where common misunderstandings are happening. If I get questions from several groups on the same part of the problem, I know to review or reteach that idea.
 - Students learn to do AP problems in the amount of time they will get on the actual AP Exam. This helps them know how to pace themselves when it counts.
- **Give reading previews.** Give introductory lectures to the upcoming reading from the textbook. Emphasize that these lectures are not meant to be a perfect substitute for the reading; rather, they let students read new material with some familiarity. Economics textbooks are not the easiest to read. When students tackle the textbooks having already seen the big ideas, they get the most from the time they spend on the reading.
 - **Frontload on fundamental topics.** Extend the units at the beginning of the course and make sure that as many students as possible are on board with the basics such as opportunity cost, supply and demand, and the cost curves. Spending more time on these topics the first time through will save you a lot of time later. Students can pick up new topics quickly if they are well grounded in the topics that come early. Hours spent up front can save you days later on in the semester!
 - **Use the newspaper.** Nothing motivates students like seeing that economics is being put to use every day around them. Finding good articles for class is easy. Look in the *Wall Street Journal* on page A2, “The Economy.” The commodities page has a supply-and-demand article every day. The Sunday “Business” section in the *New York Times* almost always has something you can use, as do the editorial pages. Make a “clip-and-save” file, gather articles as you see them, and then break them out when you cover that topic. Searching the paper for a few minutes every day will quickly produce more good articles than you can use.

Student Evaluation

Student grades are determined as an average of tests, quizzes, papers, and extra-credit assignments. Grades are broken down as follows:

Tests	40%	Units 2, 3, 4, 5
Quizzes	10%	Units 1, 6, 8
Papers	30%	<i>Nickel and Dimed</i> summer reading, <i>Nickel and Dimed</i> supply-and-demand analysis, <i>The Worldly Philosophers</i> paper
Project	10%	Mutual fund project, AP Released Exam free-response section
Final	10%	Comprehensive

Teacher Resources

Economics USA. Video series. Produced by Educational Film Center. N.p., 2002.

Ehrenreich, Barbara. *Nickel and Dimed: On (Not) Getting By In America*. New York: Metropolitan Books, 2001.

Heilbroner, Robert L. *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*. Rev. 7th ed. New York: Simon and Schuster, 1999.

Mankiw, N. Gregory. *Principles of Economics*. 3rd ed. Mason, Ohio: Thompson South-Western, 2004.

Morton, John S., and Rae Jean B. Goodman. 2004. *Advanced Placement Economics: Microeconomics, Student Activities*. 3rd ed. New York: National Council on Economic Education.

The New York Times

The Wall Street Journal