

AP[®] Microeconomics

Syllabus 3

AP[®] Economics is in relative infancy at our school, with the number of sections ranging from one to two and section enrollment ranging from the low-20s to the mid-30s. The class meets daily for an average of 50 minutes, depending on the day, which once a week includes an advisory (homeroom) session and an early dismissal day. We follow a trimester schedule, allowing for approximately 52 days of instruction in a given term when accounting for days lost to inservice, state testing, and final exams. The first term is devoted to microeconomics, the second to macroeconomics, and the third to expanding upon, analyzing, and applying concepts covered in the first two terms.

Course Overview

AP Economics is a yearlong course divided into three parts: Microeconomics, Macroeconomics, and Analysis and Application. The first of the three, Microeconomics, is a one-trimester (12-week) study of economic principles concerning individual decision makers within an economy. The main areas of concentration include basic economic concepts; the nature and functions of product markets; factor markets; and, efficiency, equity, and the role of government. Students are expected not only to know the material but also to apply critical thinking skills to the units covered.

The primary textbook used is: McConnell, Campbell R. and Stanley L. Brue. *Economics*, 15th ed. Boston: McGraw-Hill, 2002.

Students are required to purchase *Advanced Placement Microeconomics: Student Activities*, 3rd ed., New York: National Council for Economic Education. Students seeking additional practice to complement class instruction are directed to *Econ Web OnLine Economics*, www.econweb.com.

Course Planner

Note: Reading assignments are from the McConnell textbook. The APE abbreviation refers to the Advanced Placement Exercises in the NCEE activities book.

Unit I: Basic Economic Concepts (3.5 Weeks)

Chapter 1, The Nature and Method of Economics
Chapter 2, The Economizing Problem

Chapter 3, Individual Markets
 Chapter 6, The United States and the Global Economy
 Chapter 20, Supply and Demand
 Chapter 21, Consumer Behavior and Utility Maximization

Day	Topic	Assignment
1	Course overview	Read: pp. 2, 15–19
2	Methodology Economic Way of Thinking Reading and discussion from <i>The Accidental Theorist</i> , Paul Krugman	Read: pp. 3–10 Do: APE 1
3	Scarcity Opportunity Cost [CR5] Production Possibilities Curve Implicit and Explicit Costs	Read: pp. 22–34 Do: APEs 2, 3, 4
4	Economic Systems Activity: Market, Command, Tradition Basic Economic Questions [CR1] Circular Flow	Read: pp. 34 – 36 Do: APE 5
5	Quiz 1 (Material to Date) Positive vs. Normative Thinking Pitfalls of Economic Thinking (Violation of Ceteris Paribus; Post Hoc, Ergo Propter Hoc; Fallacy of Composition)	Read: pp. 10–12
6	Absolute Advantage Comparative Advantage [CR1]	Read: pp. 98–101 Do: APEs 6, 7
7	Marginal Analysis Demand and Supply Overview	Read: pp. 40–43
8–10	Demand Income Effect Substitution Effect Diminishing Marginal Utility Consumer Surplus	Read: pp. 41–46 pp. 394–404 Do: APEs 9, 10, 11
10	Supply Producer Surplus	Read: pp. 46–49 Do: APEs 12, 13
11	Supply and Demand [CR5]	

CR5—The course promotes understanding of economic decision making and its factors, such as marginal analysis and opportunity costs.

CR1—The course teaches students basic economic concepts.

CR1—The course teaches students basic economic concepts.

CR5—The course promotes understanding of economic decision making and its factors, such as marginal analysis and opportunity costs.

Simulation: "A Market in Wheat"
 (Lesson plan available in
Economics in Action,
 National Council on
 Economic Education.)

- | | | |
|-------|---|---|
| 12–13 | Equilibrium
Shifts in Supply and Demand [CR1]
Price Floors and Ceilings | Read: pp. 49–56
pp. 386–390
Do: APEs 14, 15, 16, 22 |
| 14–15 | Price Elasticity of Demand [CR1]
(Total Revenue test,
Calculating Elasticity
Coefficients)
Income Elasticity of Demand
Cross Elasticity of Demand | Read: pp. 374–386
Do: APEs 17, 18, 19, 20 |
| 16 | Graphing and Analytical Methods [CR6]
Review | |
| 17 | Test 1 | (Material to Date) |

CR1—The course teaches students basic economic concepts.

CR6—The course teaches students how to generate, interpret, label, and analyze graphs, charts, and data to describe and explain economic concepts.

Unit II: Nature and Function of Product Markets; Perfect Competition (1.5 Weeks)

Chapter 22, The Costs of Production“
 Chapter 23, Pure Competition

- | Day | Topic | Assignment |
|-----|--|---|
| 1 | Market Structure overview
Activity: Product Differentiation [CR2]
(This simple taste-test experiment in which students check if partners can differentiate between items like name-brand and generic marshmallows or chocolate chips, Coke and Pepsi, etc. serves as a springboard for discussing characteristics that separate perfect competition from imperfect competition.) | Read: pp. 437 – 438
Do: APE 24 |
| 2-3 | Costs
Revenue, cost, profit [CR2]
Simulation: "W Factory" | Read: pp. 415 - 426
pp. 437 - 443
Do: APEs 25, 26, 27, 28 |

CR2—The course provides students with instruction in the nature and functions of product markets.

(Lesson plan available in *AP Teacher's Guide* to accompany *Foundations of Economics*, 3rd edition, by Robin Bade and Michael Parkin, Pearson Addison Wesley.)

Diminishing Marginal Returns
 Normal Profits
 Economic Profits
 Long Run/Short Run
 Costs of Production (ATC, AVC, MC, AFC)

- 4–5 **Profit Maximization/Loss Minimization** Read: pp. 426–459
[CR2] Do: APEs 28, 29, 30, 31
 Perfect Competition
 Profit, Loss, Break-Even, Shut-Down
 Long Run Equilibrium
 Productive Efficiency
 Allocative Efficiency
 LRAC and SRAC
 Economies and Diseconomies of Scale
- 6 Quiz 3 (material to date)
 Review
- 7 Review Day (Instruction time lost due to state testing)
- 8 Test 2 (material to date)

CR2—The course provides students with instruction in the nature and functions of product markets.

Unit III: Perfect Competition, Monopoly, Monopolistic Competition, Oligopoly (2 Weeks)

Chapter 24, "Pure Monopoly"
 Chapter 25, Monopolistic Competition and Oligopoly

Day	Topic	Assignment
1	Monopoly Implications of Downward Sloping Demand Curve Consumer and Producer Surplus	Read: pp. 463–472 Do: APEs 33, 34
2–3	Regulating Monopoly Socially Optimal Price Fair-Return Price Price Discrimination*	Read: pp. 472 - 482 Do: APEs 35, 37, 39
4	Quiz 4 (material to date)	

5	Monopolistic Competition	Read: pp. 486–493 Do: APE 40
6–7	Oligopoly Game Theory* [CR2] Kinked Demand Curve*	Read: pp. 493 – 507 Do: APE 42
8	Review	
9	Test 3 (material to date)	

CR2—The course provides students with instruction in the nature and functions of product markets.

Unit IV: Factor Markets (1.5 Weeks)

Chapter 2, The Economizing Problem
Chapter 27, The Demand for Resources
Chapter 28, Wage Determination
Chapter 29, Rent, Interest, and Profit

Day	Topic	Assignment
1	Circular Flow of Economic Activity Factor Markets Overview	Read: pp. 34–35 Do: APEs 43, 44
2–3	Derived Demand MRC = MRP Least Cost/Profit Maximizing Combination of Resources*	Read: pp. 532–546 Do: APEs 45, 46, 47
4	Wage Discovery in Competitive and Monopsony Markets [CR3] Role of Unions* Minimum Wage Argument Distribution of Income*	Read: pp. 550–557 pp. 562–563 Do: APEs 48, 49
5	Economic Rent	Read: pp. 572–576 pp. 581–583 Do: APEs 50, 51
6	Quiz 5 (material to date)	
7	Test 4 (material to date)	

CR3—The course provides students with instruction in factor markets.

Unit V: Market Failure and Role of Government (2.5 Weeks)

Chapter 5, The U.S. Economy

Chapter 30, Government and Market Failure

Chapter 31, Public Choice Theory and the Economics of Taxation

Day	Topic	Assignment
1	Role of Government Public Goods	Read: pp. 588–592 Do: APEs 52, 53
2–5	Externalities [CR4] Coase Theorem Marginal Analysis	Read: pp. 592–607 Do: APEs 54, 55, 56, 57
6	(Instruction time lost due to faculty inservice) These “lost days“ can be used for extra credit opportunities. One year, for example, students had the chance to attend an address by Brian Wesbury, chief economist at a Chicago-based investment bank, who was coincidentally in town on the in-service day.	
7–9	Market Failure	Read: pp. 80–82 Do: APE 58
10–11	Taxes [CR4]	Read: pp. 619–20 Do: APEs 59, 60
12	Quiz 6 (material to date) Review	
13	Test 5 (material to date)	

CR4—The course provides students with instruction in market failure and the role of government.

CR4—The course provides students with instruction in market failure and the role of government.

Review and Final Exam Days

(1 Week, as prescribed by the school calendar)

Final Exam

The final exam is given over two 50-minute periods, with the free-response question portion on day one and the multiple-choice portion on day two.

During the remaining days, an economics-related film that provides a link between microeconomics and macroeconomics, such as *The Cappuccino*

Trail (BBC, 2004) or *Commanding Heights: The Battle of Ideas* (or other parts from the 2002 PBS series), may be viewed.

* Due to the time constraints of teaching the microeconomic content in one 12-week trimester, the following topics are mentioned in passing during the term and returned to for full coverage during the third trimester (Analysis) of the course: price discrimination, game theory, kinked demand curve, least cost/profit maximizing combination of resources, effect of unions on factor markets, and distribution of income.

Student Evaluation

The general weights assigned to the final grade will include tests (~55%), quizzes (~10%), participation (10%), and the final, comprehensive examination (~25%). Test dates are given at the beginning of each unit. Students are expected to take the tests on the days they are scheduled and should arrange their schedules accordingly to be in class on test days. Tests are meant to be mini-versions of the AP exam and are generally a combination of a free-response question(s) and objective multiple-choice questions.

Student Activities

Students who complete the full year of AP Economics have the opportunity during the third trimester to write a paper in which they apply economic reasoning, logic, and analysis. The options are writing a position paper, a public policy paper, or a book review. Teachers working in a semester setting or who have more time due to special scheduling could include this assignment as part of the microeconomics curriculum directly.