



# Advanced Placement Microeconomics Sample Syllabus #1

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## Print Materials (\*Primary textbook) **CR1**

\*Ray, Margaret, and David Anderson. *Krugman's Economics for AP*<sup>®</sup>, Second Edition. New York: Worth Publishers/BFW, 2015.

Council for Economic Education. *Advanced Placement<sup>®</sup> Economics: Microeconomics Student Resource Manual 4th Edition*. New York.

Melanie Fox and Brian Heggood. *Strive for a 5: Preparing for the AP Microeconomics Examination*. New York: Worth Publishers

Optional resource: Anderson, David. *Economics by Example*. New York: Worth, 2007.

### **CR1**

The syllabus must cite a **college-level** microeconomics textbook.

## Supplementary Internet Materials

AP Classroom: [apclassroom.collegeboard.org](https://apclassroom.collegeboard.org)

Econ Girl: [youtube.com/user/jodiecongirl](https://youtube.com/user/jodiecongirl)

Mr. Clifford: [youtube.com/user/ACDCLeadership](https://youtube.com/user/ACDCLeadership)

Reffonomics: [reffonomics.com](https://reffonomics.com)

Welker: [welkerswikinomics.com](https://welkerswikinomics.com)

Khan Academy<sup>®</sup>: [khanacademy.org](https://khanacademy.org)

EdEx: [edex.org](https://edex.org) (for use of Davidson Next)

## Other Materials

Binder with loose-leaf paper, dividers, and folder

Straight edge for drawing graphs

Multi-colored pens

## Overview

This microeconomics course is comprised of units, and the units are divided into modules. Each unit and module aligns with the primary text, *Krugman's Economics for AP*, Second Edition. Throughout the course, students will be instructed in economic theory, and the creation, interpretation, and application of proper economic models and graphs. Successful completion of all course components should result in students being prepared to complete the Advanced Placement Exam in microeconomics in the spring.

## Semester Grade Calculation and Evaluation

- 60% Unit tests—Students take eight tests throughout the duration of the semester. Tests use AP-style free response and multiple-choice questions.
- 25% Weekly/Module quizzes—Students take timed writing quizzes that include AP-style questions for each module to ensure their understanding of module material. They may be announced or unannounced.
- 15% Daily work, review work, homework and reading checks.

## Formative Assessments

### Module Quiz

Most modules will be assessed by quiz. Quizzes will cover both in-class material and reading-only material.

### Homework

Aimed at giving you practice using the concepts presented in class and reading, I believe the homework is essential to master these concepts. So, give this portion of the class serious attention. However, most of the homework will not be formally graded. Instead, successful engagement with the homework will increase your preparedness for upcoming quizzes and tests, and ultimately, the AP Exam.

### Topic Questions

Throughout each unit, Topic Questions will be provided to help you check your understanding. The Topic Questions are especially useful for confirming understanding of difficult or foundational topics before you move on to new content or skills that build upon prior topics. They can be assigned before, during, or after a lesson, and as in-class work or homework. You'll get rationales for each Topic Question that will help you understand why an answer is correct or incorrect, and your results will reveal misunderstandings to help you target the content and skills needed for additional practice.

### Personal Progress Checks

At the end of each unit, Personal Progress Checks will be provided in class or as homework assignments in AP Classroom. You'll get a personal report with feedback on topics, skills, and questions that you can use to chart your progress, and your results will come with rationales that explain every question's answer. We may set aside a class period or two to go over the results and address any misunderstandings.

### Reading

You will be assigned reading frequently. By the end of the semester, you will have read the microeconomics modules of *Krugman's Economics for AP*, as well as many other articles and handouts. Do not allow yourself to fall behind on reading. A significant portion of the quizzes and tests will assess the reading content. Reading assignments will be made available in class.

## Summative Assessments

### Unit Tests

Each unit will be assessed by a multiple-choice and free-response test. At least 80% of the questions on unit tests will come from the current unit and up to 20% may come from previous units. This course will be comprised of six unit tests.

## Papers/Projects

Some years, students may be assigned papers and/or projects. More information will be provided on these as they arise.

## Participation

Keeping up with your reading and homework assignments will allow you to be prepared to participate in class. It will be clear to me who is not doing their work outside the classroom, and I will speak to you if I see this happening.

## Final Exam

The final exam is cumulative. School policies regarding exam eligibility, excuse, and administration will apply.

## Economics News & Current Events

Learning economics is easier with real world context. Consume the news on a regular basis. Suggested sources include: *The Economist*, *The New York Times*, *The Wall Street Journal*, BBC, *Financial Times*, and National Public Radio (KUOW or KPLU). Also consider listening to podcasts such as *Planet Money*, *Freakonomics*, and *EconTalk*.

## Make-Up and Late Work

- If you have an excused absence, you have the number of days per day absent to turn in missed work. Missed work is the work that the class completed and/or was assigned while you were out (i.e., if you're out on Monday and return on Tuesday, your missed work will be due Wednesday).
- After an excused absence, students are responsible for getting any work or notes they missed from the trays and turning in make-up work promptly. The student must make arrangements with me to take any missed tests or quizzes within five days of an excused absence. *After that, students will receive a zero for the missed test/quiz.*
- Students will be provided ample time to complete assignments, and as such, all work is expected to be in on time. **I DO NOT ACCEPT LATE WORK.**
- Extenuating circumstances regarding late/make-up work will only be considered if the absence was excused. If you are absent the day an assignment is due, it will be due the first day of your return. If absent the day before a test, the student is still expected to take the test upon their return the following day.

**Note:** If you do not complete or make-up an assignment according to school and classroom policies, you will not be given a replacement assignment in its place to "bring up your grade."

## Cell Phone Policy:

- Cell phones are required to be placed in the cell phone caddy upon entering the room in their assigned number slot. You will be allotted time at the end of class to retrieve phones from the caddy. If a student has chosen not to place their phone in the caddy, the first time I see it (whether the student is actively using it or not), it will be confiscated and turned into the office for parent pick-up. If additional offenses occur, they may result in parent contact or office referrals. No warnings will be issued if phones are outside of the caddy.
- This creates a positive learning environment where everyone is PRESENT and ENGAGED, both of which are characteristics necessary to student success in this course.

## Understand the “Big Ideas” **CR2**

There are four big ideas that are thematically carried through course content:

- Scarcity and markets (MKT)
- Costs, benefits, and marginal analysis (CBA)
- Production choices and behavior (PRD)
- Market inefficiency and public policy (POL)

In each area of the course review below, the big ideas and skill areas are noted to ensure clarity and transparency as we progress through the course. These concepts are very much interconnected and reappear throughout the course. **For example:**

Big Idea 1, scarcity and markets, is the focus of both Units 1 and 2. In Unit 1, students familiarize themselves with basic economic concepts, a major one of which is the concept of scarcity. In this introductory unit, students learn what scarcity is and how it impacts the economic choices of consumers and markets. They will recognize that scarcity is an issue that never “disappears” and impacts all economic decisions for consumers and producers. In Unit 2, students examine how supply, demand, and overall markets respond to the scarcity (or lack thereof) of goods, and are able to show the effects of these changes graphically.

## Course Planner **CR3**

### Unit 1: Basic Economic Concepts (9–11 Class Periods, 12–15% AP Exam Weighting)

- **Big Idea 1—Scarcity and Markets (MKT):** *How do individuals and economies confront the problem of scarcity?*
- **Big Idea 2—Costs, Benefits, and Marginal Analysis (CBA):** *Why do all decisions have costs? Why do people consider the additional costs and benefits of possible actions rather than just the total costs and benefits when making decisions?*

*Skill 1.A: Throughout the unit, students will have to demonstrate a written understanding of economic concepts, principles, and models covered, including all vocabulary terms highlighted in the Krugman text through a vocabulary review method of the instructor’s choice (i.e., vocabulary chart, flashcards, written quizzes, etc.).* **CR4**

### Mod 1: The Study of Economics

- *Skill 1.B: Students will create their own scenario (individually) to demonstrate the concept of scarcity within their environment as a student.*
- How scarcity and choice are central to the study of economics
- How property rights and incentives cause market economies to differ from command economies
- The importance of opportunity cost and marginal analysis in individual choice and decision making
- The difference between positive economics and normative economics
- When economists agree and why they sometimes disagree
- What makes macroeconomics different from microeconomics

### **CR2**

The syllabus must explicitly list each of the big ideas.

AND

Either in a statement or through a brief description of activities or both, the syllabus must identify one big idea and then demonstrate how it is covered in **multiple units** of the course.

### **CR3**

The syllabus must include an outline of course content by unit and topic using any organizational approach that demonstrates the inclusion of all required course topics listed in the Curriculum Framework of the *AP Microeconomics Course and Exam Description (CED)*. Each unit should be aligned with the course’s required textbook.

If the syllabus follows the unit and topic structure provided in the CED, the syllabus must specify the alignment of each unit with the course’s required textbook.

### **CR4**

The syllabus must provide a **brief description** of one or more instructional approaches (e.g., activity or assignment) describing how students will engage with one skill (either skill 1.A, 1.B, 1.C, or 1.D) in Skill Category 1.

Instructional approaches must explicitly label which skill(s) they address.

### Mod 3: The Production Possibilities Curve

- *Skill 4.A: Students will draw an accurately labeled Production Possibilities Curve when provided scenarios by the teacher. Can be used as a pair-and-share activity.*

**CR7**

- That sometimes a very simple model can be a powerful way of explaining important economic concepts
- How the production possibilities model helps economists think about the trade-offs every economy faces
- How the production possibilities model helps us understand three important aspects of the real economy: efficiency, opportunity cost, and economic growth

### Mod 4: Comparative Advantage and Trade

- *Skill 2.C: Students will complete a worksheet to demonstrate their knowledge and use of marginal analysis to determine which party has comparative advantage, and whether they should trade.* **CR5**

- How trade leads to gains for an individual and for national economies
- The important distinction between absolute advantage and comparative advantage
- How comparative advantage leads to gains from trade in the global marketplace

### Mod 5: Utility Maximization

- How consumers make choices about the purchase of goods and services
- Why a consumer's goal is to maximize utility
- Why the principle of diminishing marginal utility applies to the consumption of most goods and services
- How to use marginal analysis to find the optimal consumption bundle

Complete **Personal Progress Check MCQ** for Unit 1.

Complete **Personal Progress Check FRQ** for Unit 1.

Take **Unit 1 Test**.

## Unit 2: Supply and Demand (13–15 Class Periods, 20–25% AP Exam Weighting)

- **Big Idea 1—Scarcity and Markets (MKT):** *How do individuals and economies confront the problem of scarcity?*
- **Big Idea 4—Market Inefficiency and Public Policy (POL):** *How does government policy affect market outcomes?*

*Skill 1.A: Throughout the unit, students will have to demonstrate a written understanding of economic concepts, principles, and models covered, including all vocabulary terms highlighted in the Krugman text through a vocabulary review method of the instructor's choice (i.e., vocabulary chart, flashcards, written quizzes, etc.).* **CR4**

*Skill 4.A: Throughout the unit, students will draw accurately labeled supply and demand graphs.*

### Mod 5: Supply and Demand—Introduction and Demand

- What a competitive market is and how it is described by the supply and demand model
- What the demand curve is
- The difference between movements along a demand curve and changes in demand
- The factors that shift demand curves

**CR7**

The syllabus must provide a **brief description** of one or more instructional approaches (e.g., activity or assignment) describing how students will engage with one skill (either skill 4.A, 4.B, or 4.C) in Skill Category 4.

Instructional approaches must explicitly label which skill(s) they address.

**CR5**

The syllabus must provide a brief description of one or more instructional approaches (e.g., activity or assignment) describing how students will engage with one skill (either skill 2.A, 2.B, or 2.C) in Skill Category 2.

Instructional approaches must explicitly label which skill(s) they address.

### Mod 6: Supply and Demand—Supply

- What the supply curve is
- The difference between movements along a supply curve and changes in supply
- The factors that shift supply curves
- How supply and demand curves determine a market's equilibrium price and equilibrium quantity
- In the case of a shortage or surplus, how price moves the market back to equilibrium

### Mod 7: Supply and Demand—Equilibrium

- How equilibrium price and quantity are affected when there is a change in either supply or demand
- How equilibrium price and quantity are affected when there is a simultaneous change in both supply and demand

### Mod 8: Supply and Demand—Price Controls (Ceilings and Floors)

- ♦ *Skills 4.A and 4.C: Students will graph various scenarios in which price ceilings and floors are implemented and determine the overall effects of these interventions on the market.* **CR7**
- The meaning of price controls, one way governments intervene in markets
- How price controls can create problems and make a market inefficient
- Why economists are often deeply skeptical of attempts to intervene in markets
- Who benefits and who loses from price controls, and why they are used despite their well-known problems

### Mod 9: Supply and Demand—Quantity Controls

- The meaning of quantity controls, another way government intervenes in markets
- How quantity controls create problems and can make a market inefficient
- Who benefits and who loses from quantity controls, and why they are used despite their well-known problems

### Mod 46: Income and Substitution Effects, and Elasticity

- How the income and substitution effects explain the law of demand
- The definition of elasticity, a measure of responsiveness to changes in prices or incomes
- The importance of the price elasticity of demand, which measures the responsiveness of the quantity demanded to changes in price
- How to calculate the price elasticity of demand

### Mod 47: Interpreting Price Elasticity of Demand

- ♦ *Skill 3.C: Students will complete various worksheets and practice problems to show their understanding of the impact of the price elasticity of demand on the markets for various goods.* **CR6**
- The difference between elastic and inelastic demand
- The relationship between elasticity and total revenue
- Changes in the price elasticity of demand along a demand curve
- The factors that determine price elasticity of demand

#### **CR6**

The syllabus must provide a **brief description** of one or more instructional approaches (e.g., activity or assignment) describing how students will engage with one skill (either skill 3.A, 3.B, or 3.C) in Skill Category 3.

Instructional approaches must explicitly label which skill(s) they address.

### Mod 48: Other Important Elasticities

- How the cross-price elasticity of demand measures the responsiveness of demand for one good to changes in the price of another good
- The meaning and importance of the income elasticity of demand, a measure of the responsiveness of demand to changes in income
- The significance of the price elasticity of supply, which measures the responsiveness of the quantity supplied to changes in price
- The factors that influence the size of these various elasticities

### Mod 49: Consumer and Producer Surplus

- The meaning of consumer surplus and its relationship to the demand curve
- The meaning of producer surplus and its relationship to the supply curve

### Mod 50: Efficiency and Deadweight Loss

- ♦ *Skills 3.A, 4.A, and 4.B: Students will draw accurately labeled graphs identifying areas of deadweight loss when given sufficient information on a practice worksheet and show a written understanding of how taxes can impact total surplus, create deadweight loss, and cause inefficiency in a market.*
- The meaning and importance of total surplus and how it can be used to illustrate allocative efficiency in markets
- How taxes affect total surplus and can create deadweight loss
- How the division of the tax, or incidence, depends upon the relative price elasticities of demand and supply

### Mod 44: Barriers to Trade

- The effects of trade and trade interventions
- The meaning of tariffs and quotas
- How to illustrate trade and trade interventions using supply and demand graphs

Complete **Personal Progress Check MCQ** for Unit 2.

Complete **Personal Progress Check FRQ** for Unit 2.

Take **Unit 2 Test**.

## Unit 3: Behind the Supply Curve—Profit, Production, and Costs (11–13 Class Periods, 22–25% AP Exam Weighting)

- **Big Idea 2—Costs, Benefits, and Marginal Analysis (CBA):** Why do all decisions have costs? Why do people consider the additional costs and benefits of possible actions rather than just the total costs and benefits when making decisions?
- **Big Idea 3—Production Choices and Behavior (PRD):** *What drives producers' decision making? How can a market be perfectly competitive?*

*Skill 1.A: Throughout the unit, students will have to demonstrate a written understanding of economic concepts, principles, and models covered, including all vocabulary terms highlighted in the Krugman text through a vocabulary review method of the instructor's choice (i.e., vocabulary chart, flashcards, written quizzes, etc.).* **CR4**



### Mod 52: Defining Profit

- The difference between explicit and implicit costs and their importance in decision making
- The different types of profit, including economic profit, accounting profit, and normal profit
- How to calculate profit

### Mod 53: Profit Maximization

- ♦ *Skill 2.A: Students will complete a worksheet using marginal analysis to determine where a firm's profits are maximized.* **CR5**
- The principle of marginal analysis
- How to determine the profit-maximizing level of output using the optimal output rule

### Mod 54: The Production Function

- The importance of the firm's production function, the relationship between the quantity of inputs and the quantity of output
- Why production is often subject to diminishing returns to inputs

### Mod 55: Firm Costs

- The various types of cost a firm faces, including fixed cost, variable cost, and total cost
- How a firm's costs generate marginal cost curves and average cost curves

### Mod 56: Long-Run Costs and Economies of Scale

- Why a firm's costs differ in the short run versus the long run
- How a firm can enjoy economies of scale

### Mod 57: Introduction to Market Structure

- The meaning and dimensions of market structure
- The four principal types of market structure, and key characteristics of them: perfect competition, monopoly, oligopoly, and monopolistic competition

### Mod 58: Intro to Perfect Competition

- How a price-taking firm determines its profit-maximizing quantity of output
- How to assess whether or not a competitive firm is profitable

### Mod 59: Graphing Perfect Competition

- ♦ *Skills 4.A and 4.B: Students will draw accurately labeled graphs using practice worksheets and scenarios to demonstrate their understanding of perfect competition, identifying profit and loss and determining whether a firm should continue operating.*
- How to evaluate a perfectly competitive firm's situation using a graph
- How to determine a perfect competitor's profit or loss
- How a firm decides whether to produce or shut down in the short run

### Mod 60: Long-Run Outcomes in Perfect Competition

- Why industry behavior differs between the short run and the long run
- What determines the industry supply curve in both the short run and the long run

Complete **Personal Progress Check MCQ** for Unit 3.

Complete **Personal Progress Check FRQ** for Unit 3.

Take **Unit 3 Test**.

## Unit 4: Imperfect Competition (8–10 Class Periods, 15–22% AP Exam Weighting)

- **Big Idea 3—Production Choices and Behavior (PRD):** *What drives producers' decision making? How can a market be perfectly competitive?*

### Mod 61: Intro to Monopoly

- ♦ *Skill 1.D: Students will begin completing a chart that they will continue throughout the unit, comparing and contrasting the different market structures.*
- ♦ *Skill 4.B: Students will create a graph appropriate to each scenario when assigned one at random draw. This activity will be repeated throughout the unit with the different market structures, ensuring that students can identify which market structure is being represented as well as graphing it accurately.*
- How a monopolist determines the profit-maximizing price
- How to determine whether a monopoly is earning a profit or a loss
- How the monopoly outcome is different from the long-run outcome in perfect competition

### Mod 62: Monopoly and Public Policy

- The effects of monopoly on society's welfare
- How policymakers address the problems posed by monopoly

### Mod 63: Price Discrimination

- The meaning of price discrimination
- Why common examples of price discrimination are so prevalent when producers have market power

### Mod 64: Intro to Oligopoly

- Why oligopolists have an incentive to act in ways that reduce their combined profit
- Why oligopolies can benefit from collusion

### Mod 65: Game Theory

- ♦ *Skill 2.C: Students will demonstrate their ability to identify a dominant strategy and Nash equilibrium in a 2 x 2 payoff matrix through the use of rapid-fire sample problems. **CR5***
- How oligopoly can be analyzed using game theory
- The concept of the prisoners' dilemma
- How repeated interactions among oligopolists can result in collusion in the absence of any formal agreement

### Mod 66: Oligopoly in Practice

- The legal background of antitrust policy
- The factors that limit tacit collusion
- The causes and effects of price wars, product differentiation, price leadership, and non-price competition
- The importance of oligopoly in the real world

### Mod 67: Intro to Monopolistic Competition

- How prices and profits are determined in monopolistic competition, both in the short run and in the long run
- How monopolistic competition can lead to inefficiency and excess capacity

### Mod 68: Product Differentiation and Advertising

- How and why oligopolists and monopolistic competitors differentiate their products
- The economic significance of advertising and brand names

Complete **Personal Progress Check MCQ** for Unit 4.

Complete **Personal Progress Check FRQ** for Unit 4.

Take **Unit 4 Test**.

## Unit 5: Factor Markets (6–10 Class Periods, 10–13% AP Exam Weighting)

- **Big Idea 3—Production Choices and Behavior (PRD):** *What drives producers' decision making? How can a market be perfectly competitive?*

*Skill 1.A: Throughout the unit, students will have to demonstrate a written understanding of economic concepts, principles, and models covered, including all vocabulary terms highlighted in the Krugman text through a vocabulary review method of the instructor's choice (i.e., vocabulary chart, flashcards, written quizzes, etc.).* **CR4**

### Mod 69: Introduction and Factor Demand

- How factors of production are traded in factor markets
- How factor markets determine the factor distribution of income
- How the demand for a factor of production is determined

### Mod 70: Markets for Land and Capital

- ♦ *Skill 3.B: Students will complete sample AP-style multiple choice problems at the end of the module in the textbook, demonstrating their understanding of the effects of changes on various economic markets.*
- How to determine demand and supply in the markets for land and capital
- How to find equilibrium in the capital and land markets
- How the demand for factors leads to the marginal productivity theory of income distribution

### Mod 71: Market for Labor

- The way in which a worker's decision about time preference gives rise to labor supply
- How to find equilibrium in the perfectly competitive labor market
- How equilibrium in the labor market is determined if either the product or the factor market is not perfectly competitive

### Mod 72: Cost-Minimizing Input Combination

- ♦ *Skill 2.C: Students will demonstrate their ability to identify a profit-maximizing outcome in perfectly competitive factor markets by completing a practice worksheet.*
- How firms determine the optimal input mix
- The cost-minimizing rule for hiring inputs

Complete **Personal Progress Check MCQ** for Unit 5.

Complete **Personal Progress Check FRQ** for Unit 5.

Take **Unit 5 Test**.

## Unit 6: Market Failure and the Role of Government (9–11 Class Periods, 8–13% AP Exam Weighting)

- **Big Idea 4—Market Inefficiency and Public Policy (POL):** *How does government policy affect market outcomes?*

*Skill 1.A: Throughout the unit, students will have to demonstrate a written understanding of economic concepts, principles, and models covered, including all vocabulary terms highlighted in the Krugman text through a vocabulary review method of the instructor’s choice (i.e., vocabulary chart, flashcards, written quizzes, etc.).*

### Mod 74: Introduction and Externalities

- What externalities are and why they can lead to inefficiency in a market economy
- Why externalities often require government intervention
- The difference between negative consumption externalities, positive consumption externalities, negative production externalities, and positive production externalities

### Mod 75: Externalities and Public Policy

- *Skill 4.C: Students will create graphs to show the effects of government intervention in various situations.* **CR7**
- How external benefits and costs cause inefficiency in markets
- Why some government policies to deal with externalities—such as emissions taxes, tradable emissions permits, and Pigouvian subsidies—are efficient, although others, including environmental standards, are not

### Mod 76: Public Goods

- How public goods are characterized and why markets fail to supply efficient quantities of public goods
- What common resources are and why they are overused
- What artificially scarce goods are and why they are under-consumed
- How government intervention in the production and consumption of these types of goods can make society better off
- Why finding the right level of government intervention is often difficult

### Mod 77: Public Policy to Promote Competition

- The three major antitrust laws and how they are designed to promote competition
- How government regulation is used to prevent inefficiency in the case of natural monopoly
- The pros and cons of using marginal cost pricing and average cost pricing to regulate prices in natural monopolies

### Mod 78: Income Inequality and Income Distribution

- What defines poverty, what causes poverty, and the consequences of poverty
- How income inequality is measured, and how it has changed over time in America; how programs like Social Security affect poverty and income inequality

### Mod 73: Theories of Income Distribution

- Labor market applications of the marginal productivity theory of income distribution
- Sources of wage disparities, including the role of discrimination

Complete **Personal Progress Check MCQ** for Unit 6.

Complete **Personal Progress Check FRQ** for Unit 6.

Take **Unit 6 Test**.