

AP MICROECONOMICS

Description

Microeconomics focuses on a circular model revolving around the firm and the household and how goods, market and capital are allocated. Additional topics covered include the models of supply and demand, market failure and the role of government.

Course Overview

Course Goals

Students should:

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Essential Questions

- What gets produced? Who produces it? Who gets the goods? How does change occur?
- What market mechanisms determine equilibrium quantity and price?
- How do producers maximize profits in each of the different market structures?
- How does producer profit maximization determine efficiency of resource allocation?
- What is the role of government?
- How do factor markets determine equilibrium price and quantity?

Assessments

Common Assessments

Skill Assessments

Content Outline

- I. [Unit 1](#) - Basic Economic Concepts
- II. [Unit 2](#) - Supply and Demand
- III. [Unit 3](#) - Structure of the Firm
- IV. [Unit 4](#) - Role of Government
- V. [Unit 5](#) - Factor Markets

Standards

[National Business Education Association Standards](#)

NBEA Standards are met in the following areas:
ECONOMICS

- *Allocation of Resources*
- *Economic Systems*
- *Markets and Prices*
- *Productivity*
- *Market Structures*
- *The Role of Government*

[State of Connecticut Social Studies Curriculum Frameworks](#)

Grade Level Skills

Students will:

- Skills Matrix

	Connecticut State Standards are met in the following areas: <ul style="list-style-type: none"> • <i>Limited Resources</i> • <i>Economic Systems</i> 	
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Pacing Guide				
1st Marking Period			2nd Marking Period	
Month 1	Month 2	Month 3	Month 4	Month 5
Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
<u>Basic Economic Concepts</u>	<u>Supply and Demand</u>	<u>Structure of the Firm</u>	<u>Role of Government</u>	<u>Factor Markets</u>
4 weeks	3 weeks	4 weeks	3 weeks	4 weeks

Unit 1 - Basic Economic Concepts, 4 weeks [top](#)

NBEA Standards

ECONOMICS

Allocation of Resources

Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.

Level 3 Performance Expectations

- explain the concept of marginalism as it applies to producers and consumers

Economic Systems

Explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.

Level 3-4 Performance Expectations

- analyze existing economies and how they answer the three questions every economic system must answer
- analyze how economic systems, resources, and culture affect each other

Connecticut Social Studies Standards

Students will:

CCS 13: *Limited Resources*

- 13.9-10.2 explain that a country's potential gross Domestic Product depends on the quantity and quality of natural resources, the size and skills of the population, and the amount and quality of its capital stock
- 13.11-12.1 analyze the impact of economic choices on the allocation of scarce resources.

Unit Objectives

Students will be able to:

- apply basic economic concepts, analytic tools and vocabulary.
- explain how the market system allocates resources.
- analyze government actions in the market context.

Essential Question

- What gets produced? Who produces it? Who gets the goods? How does change occur?

Focus Questions

- How does the market apply scarce resources to meet wants?
- How are economic policy decisions made?
- How does society achieve allocative and productive efficiency?
- What are the benefits of trade?
- How does the market find equilibrium?

Assessments

- Worksheet activity on scarcity, opportunity cost, and the production possibilities frontier.
- Worksheet on assessing marginal benefit and marginal cost decisions in everyday life.
- Articulate three life decisions and narrate their resolution by marginal analysis. Prepare for defense in class your priorities for societies goals for the economy.

	<ul style="list-style-type: none"> • What are the purposes of regulation? 	<p><u>Skill Objectives</u></p> <p>Students will:</p> <ul style="list-style-type: none"> • express marginal quantities in charts. • calculate marginal and average values from tables. • apply the production possibilities frontier. • apply circular flow model. • use graphical narrative for finding equilibrium in an individual market. • graphically analyze producer, consumer surpluses and deadweight loss.
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Unit 2 – Supply and Demand, 3 week [top](#)

NBEA Standards

ECONOMICS

Markets and Prices

Analyze the role of markets and prices in the U.S. economy.

Level 3 Performance Expectations

- analyze the relationship of relative price to scarcity when prices are set by the market forces of supply and demand
- identify determinants of supply and demand
- demonstrate an understanding of the supply and demand curves that show increases and decreases in quantity supplied and quantity demanded
- demonstrate an understanding of the supply and demand curves when there are increases and decreases in supply and demand and explain why these changes occur
- illustrate how a change in price affects quantity demanded or quantity supplied

Level 4 Performance Expectations

- calculate the elasticity coefficient for price changes of various goods and services

Productivity

Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.

Level 3-4 Performance Expectations

- explain the principle of diminishing returns and illustrate how it relates to productivity
- explain the law of profit maximization (i.e., marginal cost equals marginal revenue)
- distinguish between short-run average costs and long-run average costs

Connecticut Social Studies Standards

Students will:

CCS 14: *Economic Systems*

14.9-10.1 identify and explain the factors that determine and cause changes in demand, supply and the market-clearing (equilibrium) price.

Unit Objective

Students will be able to:

- explain how the market determines equilibrium through consumer utility maximization and producer profit maximization.

Essential Question

- What market mechanisms determine equilibrium quantity and price?

Focus Questions

- How does quantity demanded respond to price?

Assessments

- Play game requiring inventive explanations for randomly generated shifts in supply and demand
- Complete two released free response questions on topics from this unit

	<ul style="list-style-type: none"> • How do consumers maximize utility? • What determines the quantity produced at any given price? • How does the market structure change from short to long run? 	<p><u>Skill Objectives</u></p> <p>Students will:</p> <ul style="list-style-type: none"> • describe the graphical representation of elasticity and total revenue. • analyze shifts in supply and demand shifts with different elasticity. • portray marginal utility choices with graphs and tables. • depict cost structures graphically. • use formulas and graphs to analyze marginal costs and average costs. • draw long run cost curve.
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Unit 3 - Structure of the Firm, 4 weeks [top](#)

NBEA Standards

ECONOMICS

Market Structures

Analyze the different types of market structures and the effect they have on the price and the quality of the goods and services produced.

Level 3 Performance Expectations

- describe the characteristics of an oligopoly and identify examples in the current market
- describe the characteristics of monopolistic competition and identify examples in the current market
- describe how collusion affects market competition
- discuss the major barriers to new firms entering a market and how the barriers affect the level of competition in an industry
- examine U.S. laws and government regulations that are designed to impact competition

Level 4 Performance Expectations

- analyze a business to determine its monopoly power
- compare and contrast the different types of market structures

Connecticut Social Studies Standards

Students will:

CCS 14: *Economic Systems*

- 14.9-10.2 compare and contrast the characteristics and effects of different market structures, including pure competition, monopolistic competition, oligopoly and monopoly.

Unit Objective

Students will be able to:

- describe the graphical representation of the cost structure and demand curves of individual firms in each market structure.

Essential Questions

- How do producers maximize profits in each of the different market structures?
- How does producer profit maximization determine efficiency of resource allocation?

Focus Questions

- What are the characteristics of each type of market structure?
- How does perfect competition produce efficient resource allocation?
- How do monopoly, oligopoly and monopolistic competition underallocate resources?

Assessment

- Prisoners dilemma

Skill Objectives

Students will:

- graph the profit maximization strategy of each market structure.
- apply game theory to oligopolist decision making.
- explain why the marginal revenue curve is located below the demand curve for monopolists and monopolistic

	<ul style="list-style-type: none"> • What are the strategies of the oligopolist? • What are the motivations to innovate within each market structure? 	<ul style="list-style-type: none"> competitor. • determine levels of investment based on expected rates of returns and the costs of funds.
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Unit 4 – Role of Government, 3 weeks [top](#)

NBEA Standards

ECONOMICS

Markets and Prices

Analyze the role of markets and prices in the U.S. economy.

Level 4 Performance Expectations

- calculate the elasticity coefficient for price changes of various goods and services

Market Structures

Analyze the different types of market structures and the effect they have on the price and the quality of the goods and services produced.

Level 4 Performance Expectations

- give examples of positive and negative externalities (e.g., spillover costs) and analyze the government's role in correcting market failures (e.g., tax policies, subsidies, and regulations)

The Role of Government

Analyze the role of government in economic systems, especially the role of government in the U.S. economy.

Level 3 Performance Expectations

- evaluate the equity of taxes based on income, wealth, and consumption
- explain how government's redistribution of income through taxation, spending, and assistance/entitlement programs affects the well-being of people and businesses in an economy

Level 4 Performance Expectations

- analyze how taxes serve as an incentive or disincentive to individuals and institutions

Connecticut Social Studies Standards

Students will:

CCS 13: *Limited Resources*

13.9-10.3 analyze how market forces and government regulation impact the use of resources.

Unit Objective

Students will be able to:

- recommend and describe appropriate government policy in response to various economic scenarios.

Essential Question

- What is the role of government?

Focus Questions

- How does market failure misallocate resources?
- What goods should the government provide?

Assessment

- Free Response Question 2006

Skill Objectives

Students will:

- create and describe the circular flow

	<ul style="list-style-type: none"> • How can the government respond to externalities? • How should the government respond to distribution of income? • What is the government's role in managing trade? 	<p>diagram with the government included.</p> <ul style="list-style-type: none"> • describe income inequality through Lorenz Curve. • analyze marginal benefits and marginal costs for public goods. • graphically depict the impact of government policies in a product market. • graphically represent and analyze tax incidence and efficiency loss.
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Unit 5 – Factor Markets, 4 weeks [top](#)

NBEA Standards

ECONOMICS

Allocation of Resources

Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.

Level 3 Performance Expectations

- evaluate the trade-offs of alternatives for solving societal problems according to economic goals (e.g., economic growth, equity, efficiency, security, employment, stability, and freedom)

Economic Systems

Explain why societies develop economic systems, identify the basic features of different economic systems, and analyze the major features of the U.S. economic system.

Level 3-4 Performance Expectations

- analyze how wages and prices are determined in command and market economies

Connecticut Social Studies Standards

Students will:

CCS 13: *Limited Resources*

13.11-12.1 define, defend and predict how the use of specific resources may impact the future.

13.11-12.2 analyze how technological change can affect long-range productivity.

Unit Objective

Students will be able to:

- describe the graphical representation of the mechanisms determining market equilibrium in a factor market.

Essential Question

- How do factor markets determine equilibrium price and quantity?

Focus Questions

- How does the individual producer determine the quantity of each factor to purchase?
- How does the labor market differ from other markets?
- Why is rent a surplus payment?
- What determines interest rates?
- How is the entrepreneur compensated?

Assessment

- Free Response Question 2007

Skill Objectives

Students will:

- use tables to analyze and to select optimal resource allocations.
- use supply and demand analysis and MRP/MRC analysis in factor markets.
- graphically depict supply of land.
- analyze the loanable funds market graph.