

Purpose:

The purpose of AP Microeconomics is to provide students a thorough understanding of the principles of economics that apply to the functions of individual decision makers, both consumers and producers, within the economic system. It places primary emphasis on the nature and functions of product markets, and includes the study of factor markets and of the role of government in promoting greater efficiency and equity in the economy. You will learn to create, interpret, label, and analyze graphs, charts, and additional data to describe and explain various economic concepts.

Hopefully you are aware of the implications of taking AP exams. To refresh your memory, doing well on an Advanced Placement exam can result in college credit, further placement, or both. Basically a student can earn financial savings in college for you and your family.

Textbooks and Resources:

Krugman, Paul and Robin Wells, Microeconomics, Worth Publishers 2009, Second Edition.

Levitt, Steven D. and Stephen J. Dubner, Freakonomics: A Rogue Economist Explores the Hidden Side of Everything. New York: Morrow-Harper, 2005.

McConnell, Campbell R., and Stanley L. Brue. Economics: Principles, Problems, and Policies, McGraw-Hill Irwin 2005, Sixteenth Edition.

Morton, John S. and Rae Jean B. Goodman, Advanced Placement Economics, 3/e (formerly APIP), National Council of Economic Education.

Course Requirements/Expectations:

The study of economics has been called the “dismal science”. And although it can be confusing and frustrating, it can also be fascinating and fun. To minimize the confusion and frustration, it is necessary to work with and experience the application of economic principles in addition to reading about them. This class will therefore, require you to become active rather than passive learners of microeconomics.

This is a huge curriculum, and students will be required to read all of the assigned chapters. The typical student should expect to spend a minimum of one hour each night preparing for economics and more when reviewing for exams.

The following are classroom expectations:

1. **BE PREPARED.** Bring your assignment, pen, textbook, notebook, and any other materials you need for class. All students are to be in the classroom on time. **You WILL NOT BE ALLOWED TO RETURN TO YOUR LOCKER** for materials.
2. **NO FOOD OR DRINKS SHOULD BE BROUGHT INTO THE ROOM.**
3. **USE YOUR PASSING TIME WISELY.** Restroom trips should be kept to a minimum. Please have **your** planner for an opportunity to go.
4. **THE CLASS NEEDS TO BE CLEAR OF NOISE WHEN THE TEACHER, GUEST, OR STUDENTS ARE SPEAKING TO THE CLASS.**
5. **TREAT EACH OTHER WITH RESPECT!** Each of us in an individual who has his/her own strengths, abilities, goals, rights, and successes. Each of us therefore deserves to be treated with respect for that individuality. Improper language, rude comments or actions will not be tolerated. It also follows that each student demonstrates respect for the property of others and the school.

6. **STUDENTS ARE EXPECTED TO BE IN CLASS ON TIME.** Students should be in their seats **AT** the bell, **NOT** after the bell.
7. **END OF THE PERIOD.** You will be given a few minutes at the end of the period to put things away. Do not quit working until the teacher tells you. You will be dismissed by the teacher, **NOT THE BELL.** If we have a speaker, please be courteous and pay attention.
8. If you miss class, **YOU ARE RESPONSIBLE** for the assignment. Missing work can be accessed via the class website, or you can email me for information regarding the assignment. Please be responsible for your absences.
9. **STUDENTS WILL KEEP A NOTEBOOK** containing class notes, study questions, and handouts given in class.
10. Essay writing is structured within the AP Exam and will be emphasized in this course. (NOTE: Writing for economics essays is a bit different than what you may be used to. We will talk about these as we prepare for exams.)
11. **CELL PHONES SHOULD BE TURNED OFF AND SHOULD NOT BE OUT AT ANY TIME DURING THE CLASS PERIOD.**
12. Students are required to visually display their official LPS student photo ID cards at all times or be subject to consequences outlined on page nine of the student planner.

The following are suggestions for success in AP Microeconomics:

1. The student needs to assume personal responsibility for learning.
2. The student will bring and use appropriate prerequisite skills in English, math, and critical thinking to the learning of economics.
3. The student devotes appropriate time and energy to learning the subject.
4. The student masters basic concepts and vocabulary before moving on to more difficult material.
5. The student reinforces new knowledge. **REVIEW!**
6. The student prepares properly for economic exams.
7. The student does not rely on mere memorization.
8. The student is willing to ask for help and utilizes available resources.
9. The student attends class regularly.
10. The student sees economics in everyday life and applies class concepts to current events and in their everyday life.

Grading Policies:

Your grade is based on tests, projects, papers (Summative Assessment Procedures), and daily work, in-class work, and class participation (Summative Assessment Procedures). A weighted grading system as follows will be used:

Formative Assessment Assignments	20%
Summative Assessment Exams & Projects	80%

Grading Scale:

A	90-100
B+	85-89
B	80-84
C+	75-79
C	70-74
D+	65-69
D	60-64
F	59 and below

Semester Outline:

Unit 1. The Basic Economic Problem

(Approx. 12-15 days)

- A. Methodological issues in economics
 - 1. Positive and normative economics
 - 2. Microeconomics and macroeconomics
 - 3. Using mathematical and graphical methods to analyze an economic issue
- B. Scarcity: the nature of economic systems
- C. Production possibilities and opportunity costs
- D. Specialization, comparative advantage, and exchange
- E. The functions of an economic system (what, how, and for whom) with applications to alternative economic systems
 - 1. Tradition
 - 2. Command
 - 3. Market
- F. An economic way of thinking

Unit 2. The Nature and Functions of Markets

(Approx. 16-20 days)

- A. Demand
 - 1. Relationship between price and quantity demanded
 - 2. Determinants of demand
 - 3. Changes in quantity demanded vs. change in demand
 - 4. Introduction to elasticity of demand
- B. Supply
 - 1. Relationship between price and quantity supplied
 - 2. Determinants of supply
 - 3. Changes in quantity supplied vs. change in supply
 - 4. Introduction to elasticity of supply
- C. Equilibrium
 - 1. Why price and quantity move toward equilibrium
 - 2. Shifts in supply and demand
 - 3. Surpluses and shortages
 - 4. Real-world applications of supply and demand
- D. Markets as coordinators
 - 1. Information function
 - 2. Incentive function
 - 3. Rationing function
- E. Elasticity of supply and demand
 - 1. Demand
 - a. Total revenue method
 - b. Coefficient method
 - c. Determinants of elasticity of demand
 - d. Applications of elasticity of demand
 - 2. Supply
 - a. Time periods
 - b. Applications

Unit 3. The Theory of the Firm

(Approx. 22-26 days)

- A. Consumer choice and individual consumer demand
 - 1. Introduction to consumer behavior
 - 2. Marginal utility analysis
 - 3. Derivation of individual demand curves
 - 4. Derivation of market demand curves

- B. Firm production and costs
 - 1. Introduction to firm behavior
 - 2. Marginal profit analysis
 - 3. Average and marginal costs
 - 4. Average and marginal revenues
- C. Product pricing and outputs, both individual firm and market
 - 1. Perfect competition and derivation of supply
 - 2. Monopoly
 - 3. Other forms of imperfect competition
 - a. Oligopoly
 - b. Monopolistic competition
- D. Efficiency and government policy toward imperfect competition

Unit 4. Factor Markets

(Approx. 12-14 days)

- A. Marginal productivity and factor demand
 - 1. Resource demand as derived demand
 - 2. Marginal revenue product
 - 3. Rule for employing resources $MRP=MRC$
 - 4. Changes in resource demand
- B. Determination of wages
 - 1. Perfect factor markets
 - 2. Imperfect factor markets
- c. Determination of rent, interest, and profit

Unit 5. The Role of Government

(Approx. 10-13 days)

- A. Public choice analysis
- B. Government and the allocation of resources
 - 1. Externalities
 - 2. Public goods
- C. Government and redistribution of income
 - 1. Overview – distribution of income
 - 2. The effects of taxation on the distribution of income (tax incidence)
 - a. Progressive taxes
 - b. Regressive taxes
 - c. Proportional taxes
- D. The effects of government expenditures on the distribution of income (expenditure incidence)