

Microeconomics Syllabus

Spring 2019

Textbooks

Krugman, Paul and Robin Wells, *Krugman's Economics for AP*, Worth Publishers, 2011.

McConnell, Campbell, and Stanley Brue. *Essentials of Economics*. McGraw-Hill Irwin, 2007.

McConnell, Brue, Flynn. *Economics 19th Edition*, McGraw-Hill Irwin, 2012.

Additional Readings

Taking Sides: Clashing Views on Economic Issues

Wall Street Journal

The Economist

Grade Determination

Portfolio 15%

Homework 25%

Tests and Quizzes 60%

Topics Outline and Pacing Guide

Unit I Basic Economic Concepts

Week 1 Review Basics

Day 1 Scarcity Choice and Opportunity Costs

- Chapter 1 McConnell Brue
- Production Possibilities Curve

Day 2 Comparative Advantage, Specialization, and Trade

- Krugman, Review Comparative and Absolute Advantage
- Chapter 3 Section 5, Chapter 34.2; Bade and Parkin

Day 3 Circular Flow Model Review

- Krugman
 - Marginal Analysis
- McConnell and Brue

Day 4 Property Rights and Role of Incentives

- Review

Day 5 Quiz: Economic Basics

Unit II Nature and Functions of Product Markets

Week 2 Supply and Demand and Elasticity

Day 1 Supply and Demand

- Determinants
- Ceilings and Floors
- Production quota (7.3 Bade and Parkin)

Day 2 Elasticity

- Price Elasticity of Demand
- Factors which affect elasticity of demand

Day 3 Elasticity of Supply and Income Elasticity

Day 4 Cross-price elasticity

- Review basics of supply and demand; elasticity

Day 5 Quiz Supply and Demand; Elasticity

Week 3 Surpluses, Efficiency, and Taxes

Day 1 Value, Price, and Consumer Surplus

- Demand and Marginal Benefit
- Consumer Surplus
- Cost, Price, and Producer Surplus

Day 2 Are Markets Efficient?

- $MB = MC$
- The Invisible Hand

Day 3 Are Markets Fair?

- Utilitarianism
- Making the Poorest as Well Off as Possible

Day 4 Taxes and Deadweight Loss

- Alternatives to the Free Market
- Costs of Government Intervention
- Review

Day 5 Quiz: Surpluses, Efficiency, and Taxes

Week 4 Production and Costs [Chapter 12 Bade and Parkin]

Day 1 (pgs 296-306 Bade)

- Economic Cost and Profit
- Short Run and Long Run

Day 2 Short Run Costs

Day 3 Long Run Costs

Day 4 Cost Minimizing input combination

- Review

Day 5 Quiz

Week 5 Theory of Human Choice

Day 1 Total Utility, Marginal Utility, and Utility Maximization (Krugman 231-234)

- Consumption Bundle
- Utility Function
- Marginal Utility
- Principle of Diminishing Marginal Utility

Day 2 Budgets and Optimal Consumption

- Budget Constraints
- Consumption Possibilities
- Budget Line
- Optimal Consumption Choice

Day 3 Marginal Utility Per Dollar (Krugman 241-244)

- Optimal Consumption

Day 4 From Utility to the Demand Curve

- Income Effect
- Substitution Effect
- Review

Day 5 Quiz

Week 6 Theory of Human Choice Continued

Day 1 Utility Function (Krugman 254-258)

Day 2 Indifference Curves (259-266)

- Marginal Rate of Substitution

Day 3 Substitutes and Complements (266-277)

- Prices, Income, Demand

Day 4 Review

Day 5 Quiz

Week 7 Perfect Competition

Day 1 Characteristics of Perfect Competition Krugman 206-210

Day 2 Production and Profits

- Profit Maximization
- Short Run Supply and Shutdown Point

Day 3 Supply

- Industry Supply Curve
- Long run Equilibrium

Day 4 Review Perfect Competition

- Highlights Chapter 13 Krugman

Day 5 Quiz

Week 8 Monopoly

Day 1 Introduction to Monopoly (Krugman 333-338)

- Review of Market Structures
- Meaning of Monopoly
- Why Monopolies Exist

Day 2 Profit Maximization (Krugman 339-346)

- Monopoly Demand Curve and Marginal Revenue
- Output and Price

Day 3 Monopoly and Public Policy (Krugman 347-)

- Inefficiency of Monopoly
- Natural Monopolies
- Regulation

Day 4 Price Discrimination (Krugman 352-359)

- Review

Day 5 Quiz

Week 9 Oligopoly

Day 1 Introduction to Oligopoly (Krugman 366-370)

- Prevalence
- Understanding Oligopoly
- Collusion and ...

Day 2 Game Theory and Strategic Behavior (Krugman 370-378)

Day 3 Oligopoly in Practice (Krugman 379-378)

- Importance of Oligopoly
- Day 4 Review Oligopoly
 - Review Perf Comp., Monopoly
- Day 5 Quiz

Week 10 Monopolistic Competition

- Day 1 Introduction to Monopolistic Competition (Krugman 388-392)
 - Product Differentiation
- Day 2 Understanding Monopolistic Competition (Krugman 393-398)
 - Short Run, Long Run Profit
- Day 3 Monopolistic Competition Versus Perfect Competition (Krugman 398-403)
 - Controversies about product differentiation
- Day 4 Review
 - Continue cumulative market structure review
- Day 5 Unit Test

Unit III Factor Markets

Week 11 Factor Markets

Krugman Chapter 12

- Day 1 Factors of Production (Krugman 281-292)
 - Marginal Product of Labor
 - Shifts of the Factor Demand Curve
- Day 2 Marginal Productivity Theory of Income Distribution (Krugman 292-297)
 - Wage Disparity
 - Marginal Productivity/Wage Inequality
- Day 3 Supply of Labor (Krugman 298-302)
 - Shifts of Labor Supply Curve
- Day 4 Review
- Day 5 Quiz

Unit IV Market Failure and the Role of Government

Week 12 Market Failure: A Role For Government

- Day 1 Private and Public Goods
 - Private Goods: Productive and Allocative Efficiency, Rivalry and Excludability
 - Public Goods: Nonrivalry and Nonexcludability
 - o MB and MC
- Day 2 Externalities
 - Negative Externalities
 - o Correct: Taxes, Controls
 - Positive Externalities
 - o Correct: Subsidies to Consumers and Producers
 - Private Market Correction: Coase Theorem
- Day 3 Financing the Public Sector
 - The tax burden
 - o Ability to Pay vs. Benefits Received
 - Progressive, Proportional, and Regressive Taxes

Day 4 Review
Day 5 Quiz

Week 13 Public Policy to Promote Competition [Bade and Parkin Ch. 17]

Day 1 Regulation

- o Public Interest Theory
- o Capture Theory
- o Public Interest or Private Interest Regulation
- o Monopoly and Oligopoly Regulation

Day 2 Antitrust Law

- o History
- o Three Antitrust Policy Debates
- o Merger Rules

Day 3 Begin Unit IV Review

- o Externalities and Public Goods

Day 4 Unit IV Review

- o Antitrust policy and regulation

Day 5 Quiz: Cumulative Unit IV

Week 14 Income Inequality and Poverty [Brue Ch. 11]

Day 1 Facts about Income Inequality

- Distribution by income
- Distribution by quintiles
- The Lorenz Curve
- Effect of Government Redistribution

Day 2 Causes of Income Inequality

Day 3 Equality versus Efficiency

Day 4 The US Income-Maintenance System

Day 5 Review

Day 6 Quiz

Begin Unit Reviews and Whole Test Practice during last few weeks.

*Day to day planning schedule is a guide. Actual daily instruction may vary according to student needs.