



Advanced Placement Microeconomics

Course Information

Grade(s):	10, 11, 12
Discipline/Course:	Business
Course Title:	AP Microeconomics
Prerequisite(s):	Teacher recommendation advised
Course Description: <i>Program of Studies</i>	<p>Economics is a structured and disciplined approach to looking at how society allocates scarce resources with unlimited wants. The AP economics sequence consists of two semester-based courses in microeconomics and macroeconomics. By taking both courses, students will gain a basic level of sophistication in economic matters similar in scope to the experience a college student would receive in survey courses. Students should expect increased demands in reading, writing, and analytical thinking. These courses are recommended for the college-bound student that would like to gain a solid foundation of business practices or if they would like to study business in college.</p> <p>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.</p>
Course Essential Questions:	<ul style="list-style-type: none"> ● How does our economic system decide what to produce, who produces and how we distribute these goods and services produced? ● How do we design economic policies to handle the issues related to scarcity? ● How do we as a society make trade decisions to obtain allocative and productive efficiency? ● What market mechanisms determine equilibrium price and quantity? ● What are the factors that affect the decision making process of consumers and producers? ● What is the government's role in our market system? ● How do producers maximize profits and determine efficiency of resource allocation in each of the different market structures? ● How does the perfect competition market structure serve as the model of efficiency?

	<ul style="list-style-type: none"> • What drives producers decision making, resource allocation and profit maximization in each of the different market structures? • How do factor (resource) markets determine equilibrium price and quantity?
Course Enduring Understandings:	<ul style="list-style-type: none"> • There is a cost to every decision made because nothing is free, everything bears a cost to someone. • There are societal benefits to mutually advantageous terms of trade. • Competition in markets determines equilibrium price and quantities produced and purchased. • Governments can interact with markets to set price controls and correct disequilibrium in markets. • Costs and the ability to earn profits will differ between different market structures. • Efficient allocation of resources is a goal only met by purely competitive firms. • Oligopolies, Monopolies and Monopolistically competitive firms have the ability to earn and keep profit in the long run, but none of these firms are efficient with use of resources. • The 2 different factor markets have varying amounts of control in the resource market which has an impact on the price of resources. • Price ceiling, floors, legislation, subsidies and taxes are all tools the government can use in our markets.
Duration and credit:	Semester (½ year) / .5 credits
Course Materials/Resources:	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
FPS Course Academic Expectation(s):	<p><u>Synthesizing and Evaluating</u> The student weighs evidence, arguments, claims and beliefs in order to critically and effectively solve problems and to justify conclusions.</p> <p><u>Conveying Ideas</u> The student organizes information to support a claim or assertion in a style appropriate to purpose, audience, and task.</p>
Year at a Glance (Units):	<p>Unit 1: Basic Economic Concepts (2 weeks)</p> <p>Unit 2: Supply and Demand (4 weeks)</p>

	<p>Unit 3: Production Decisions, Costs, and Perfect Competition (5 weeks) Unit 4: Imperfect Competition (3 weeks) Unit 5: Factor Markets (2 weeks) Unit 6: Role of the Government and Market Failures (2 weeks)</p>
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Units

Unit Number and Title:	Unit 1: Basic Economic Concepts
Duration:	2 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	The foundational economic ideas addressed in this unit form the basis for more advanced analysis of consumer and producer behavior that will be developed throughout the course.
Learning Goals	
Standard(s):	<p><u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> ● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources. ● Content Standard 2: Economic Systems: Basic features of different economic systems <p><u>NBEA Standards</u></p> <p>1. ALLOCATION OF RESOURCES Achievement Standard: Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>Level 1 Performance Expectations</p> <ol style="list-style-type: none"> 1. Define and give examples of economic wants 2. Explain how economic wants are satisfied 3. Demonstrate how resources (factors of production) may be used to satisfy economic wants 4. Define and give examples of scarcity 5. Explain why scarcity requires individuals, governments, and societies to make choices that have present and future consequences 6. Define and give examples of trade-offs and the opportunity of personal choice <p>Level 2 Performance Expectations</p>

	<p>7. Demonstrate understanding of rational economic decision making by explaining the advantages and disadvantages of alternatives (economic trade-offs) in a given situation</p> <p>8. Describe how effective decision making requires a comparison of the additional costs (marginal costs) and additional benefits (marginal benefits) using a cost-benefit analysis.</p> <p>Level 3 Performance Expectations</p> <p>9. Explain the difference between the concepts of marginal benefit and marginal cost and how each relates to rational decision making</p> <p>10. Evaluate the economic trade-offs of alternatives for solving societal problems according to economic goals (e.g., economic growth equity, efficiency, security, employment, stability, and freedom)</p> <p>11. Analyze how scarcity influences choices to consume or produce items</p> <p>12. Evaluate alternate choices and solutions for current issues for a business or a nation</p>
<p>Essential Question(s):</p>	<ul style="list-style-type: none"> ● How does our economic system decide what to produce, who produces and how we distribute these goods and services produced? ● How do we design economic policies to handle the issues related to scarcity? ● How do we as a society make trade decisions to obtain allocative and productive efficiency?
<p>Enduring Understanding(s):</p>	<ul style="list-style-type: none"> ● There is a cost to every decision made and gain the understanding that nothing is free, everything bears a cost to someone. ● There are societal benefits to mutually advantageous terms of trade.
<p>Learning Goal(s): <i>Students will be able to use their learning to:</i></p>	<p>Students will be able to:</p> <ul style="list-style-type: none"> ● Calculate and express marginal quantities in charts and tables. ● Calculate marginal and average values. ● Graphically construct and analyze Production Possibilities Frontier. ● Identify and graphically analyze producer surplus, consumer surplus and deadweight loss on a graph. ● Determine equilibrium levels of output and price in a specific market.

Unit Number and Title:	Unit 2: Supply and Demand
Duration:	4 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	This unit will provide the basis for understanding how markets work by introducing the supply and demand model.
Learning Goals	
Standard(s):	<p><u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u> Content Standard 2: Economic Systems Basic - features of different economic systems. Content Standard 4: Markets and Prices - U.S. and global markets and prices.</p> <p><u>NBEA Standards</u> IV MARKETS AND PRICES 1. ACHIEVEMENT STANDARD: Analyze the role of markets and prices in the U.S. economy. Level 2 Performance Expectations 3. Describe how relative prices affect consumers' buying and selling decisions 4. Describe the role of the market in determining what, how, and for whom economic goods and services are produced in the U.S. economy 5. Explain how relative prices are used to ration limited resources, goods, and services in the U.S. economy 6. Explain and give illustrations of the law of demand, law of supply, and equilibrium price Level 3 Performance Expectations 7. Analyze the relationship of relative price to scarcity when prices are set by supply and demand market forces. 8. Identify determinants of supply and demand 9. Demonstrate an understanding of the supply and demand curves that show increases and decreases in quantity supplied and quantity demanded 10. Demonstrate an understanding of the supply and demand curves when there are increases and</p>

	<p>decreases in supply and demand and explain why these changes occur</p> <p>11. Illustrate how a change in price affects quantity demanded or quantity supplied</p> <p>12. Explain and illustrate how the equilibrium price changes according to changes in supply or demand</p> <p>13. Explain and illustrate how a market reacts to shortages and surpluses with no government intervention</p> <p>14. Explain and illustrate how a market reacts to governmental intervention (e.g., price ceilings, price floors, and regulations)</p> <p>15. Describe and illustrate the concept of elasticity and inelasticity</p> <p>16. Explain how efficient production and allocation of goods and services in a market economy are based on pricing information</p> <p>17. Explain why changes in prices of resources create incentives/disincentives for resource allocation in the U.S. economy</p> <p>18. Identify the effect of changes in the relative price of a substitute or complementary good on supply and demand</p> <p>VI PRODUCTIVITY</p> <p>1. ACHIEVEMENT STANDARD: Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity and global trade.</p> <p>Level 3 Performance Expectations</p> <p>11. Explain the principle of diminishing returns and illustrate how it relates to productivity</p> <p>12. Explain the law of profit maximization (e.g., marginal cost equals marginal revenue)</p>
<p>Essential Question(s):</p>	<ul style="list-style-type: none"> ● What market mechanisms determine equilibrium price and quantity? ● What are the factors that affect the decision making process of consumers and producers? ● What is the government's role in our market system?
<p>Enduring Understanding(s):</p>	<ul style="list-style-type: none"> ● Competition in markets determines equilibrium price and quantities produced and purchased. ● Governments can interact with markets to set price controls and correct disequilibrium in markets.

Learning Goal(s):

Students will be able to use their learning to:

Students will be able to:

- Construct, read and analyze graphs.
- Explain how the market determines equilibrium through consumer utility maximization and producer profit maximization.
- Students will learn how the forces of supply and demand interact in markets to set equilibrium prices and quantities.
- Students will understand the cause of surpluses, shortages and how the government uses price ceilings and floors to handle disequilibrium of markets.

Unit Number and Title:	Unit 3: Production Decisions, Costs, and Perfect Competition
Duration:	5 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	Firm behavior and an introduction to the perfect competition model, which will form a basis of comparison for other market structures in the next unit.
Learning Goals	
Standard(s):	<p><u>Standards</u> <u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> ● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources. ● Content Standard 2: Economic Systems Basic features of different economic systems. ● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy. ● Content Standard 4: Markets and Prices U.S. and global markets and prices. ● Content Standard 5: Market Structures Market structures in the U.S. economy. ● Content Standard 6: U.S. Government The role of the U.S. government in an economic system. <p><u>National Business Education Association (NBEA) Standards</u> National Business Education Standards are met in the following areas: ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS Achievement Standard: 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.</p>

	<p>IV. MARKETS AND PRICES Achievement Standard: analyze the role of markets and prices in the U.S. economy.</p> <p>V. MARKET STRUCTURES Achievement Standard: analyze the different types of market structures and the effect they have on the price and the quality of the goods and services produced.</p> <p>VI. PRODUCTIVITY Achievement Standard: explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.</p> <p>VII. THE ROLE OF GOVERNMENT Achievement Standard: analyze the role of government in economic systems, especially the role of government in the U.S. economy.</p>
<p>Essential Question(s):</p>	<ul style="list-style-type: none"> ● How do producers maximize profits and determine efficiency of resource allocation in each of the different market structures? ● How do costs vary between the short run and long run in various market structures? ● How does the perfect competition market structure serve as the model of efficiency?
<p>Enduring Understanding(s):</p>	<ul style="list-style-type: none"> ● Costs and the ability to earn profits will differ between different market structures. ● Efficient allocation of resources is a goal only met by purely competitive firms.
<p>Learning Goal(s): <i>Students will be able to use their learning to:</i></p>	<p>Students will be able to:</p> <ul style="list-style-type: none"> ● Examine and model the production function, including the examination of Short-Run and Long-Run Production Costs. ● Learn about types of profit and profit maximization. ● Differentiate between the 4 types of market structures and understand the characteristics of each type of firm. ● Understand a firms' Short-Run Decisions to produce and Long-Run Decisions to Enter or Exit a Market. ● Describe a graphical representation of cost curves and how they vary between market structures.

Unit Number and Title:	Unit 4: Imperfect Competition
Duration:	3 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	Similarities and differences of imperfect competitions and how decisions, profits and resources are allocated in the long run
Learning Goals	
Standard(s):	<p><u>Standards</u> <u>State of Connecticut Business and Finance Technology Education Frameworks for Economics</u></p> <ul style="list-style-type: none"> ● Content Standard 1: Scarce Resources The decision making process of the allocation of scarce resources. ● Content Standard 2: Economic Systems Basic features of different economic systems. ● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy. ● Content Standard 4: Markets and Prices U.S. and global markets and prices. ● Content Standard 5: Market Structures Market structures in the U.S. economy. ● Content Standard 6: U.S. Government The role of the U.S. government in an economic system. <p><u>National Business Education Association (NBEA) Standards</u> National Business Education Standards are met in the following areas: ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</p> <p>II. ECONOMIC SYSTEMS Achievement Standard: 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.</p>

	<p>IV. MARKETS AND PRICES Achievement Standard: analyze the role of markets and prices in the U.S. economy.</p> <p>V. MARKET STRUCTURES Achievement Standard: analyze the different types of market structures and the effect they have on the price and the quality of the goods and services produced.</p> <p>VI. PRODUCTIVITY Achievement Standard: explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity.</p> <p>VII. THE ROLE OF GOVERNMENT Achievement Standard: analyze the role of government in economic systems, especially the role of government in the U.S. economy.</p>
Essential Question(s):	<ul style="list-style-type: none"> ● What drives producers decision making, resource allocation and profit maximization in each of the different market structures? ● How are imperfectly competitive markets inefficient?
Enduring Understanding(s):	<ul style="list-style-type: none"> ● Oligopolies, Monopolies and Monopolistically competitive firms have the ability to earn and keep profit in the long run, but none of these firms are efficient with use of resources.
<p>Learning Goal(s): <i>Students will be able to use their learning to:</i></p>	<p>Students will be able to:</p> <ul style="list-style-type: none"> ● Examine and understand the Imperfectly Competitive Markets, including Monopolies, Price Discriminating monopolies, Monopolistic Competition, and Oligopolies. ● Understand and apply the concept of Game Theory and its applications to oligopolistic decision making. ● Graph the profit maximization strategy of each market structure. ● Explain why the marginal revenue curve is located below the demand curve for monopolists and monopolistic competition. ● Determine levels of investment based on expected rates of returns and the costs of funds.

Unit Number and Title:	Unit 5: Factor Markets
Duration:	2 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	Principles of factor markets.
Learning Goals	
Standard(s):	<p>State of Connecticut Business and Finance Technology Education Frameworks for Economics</p> <ul style="list-style-type: none"> Content Standard 4: Markets and Prices U.S. and global markets and prices. <p>NBEA Standards ECONOMICS</p> <p>I. ALLOCATION OF RESOURCES Achievement Standard: assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources. Level 3 Performance Expectations</p> <ul style="list-style-type: none"> 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) <p>II. ECONOMIC SYSTEMS Achievement Standard: 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</p> <ul style="list-style-type: none"> analyze how wages and prices are determined in command and market economies
Essential Question(s):	<ul style="list-style-type: none"> How do factor (resource) markets determine equilibrium price and quantity? How does the labor market differ from the product markets? How does a Monopsony differ from a Purely Competitive Resource market?

Enduring Understanding(s):	<ul style="list-style-type: none"> ● The 2 different factor markets have varying amounts of control in the resource market which has an impact on the price of resources. ● Interest rates are a driving factor in determining future growth rates for individual businesses and for the economy as a whole.
Learning Goal(s): <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> ● Describe the graphical representation determining market equilibrium in a factor market. ● Understand and explain the impact of the resource (factor) markets on the product markets. ● Differentiate between the different structures of factor markets. ● 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, construct and understand the loanable funds market graph

Unit Number and Title:	Unit 6: Role of the Government and Market Failures
Duration:	2 weeks
Resource(s):	Economics AP Edition (A/P ECONOMICS) by Campbell McConnell, Stanley Brue, Sean Flynn
Unit Overview:	Externalities and the effects of government intervention in different market structures.
Learning Goals	
Standard(s):	<p>State of Connecticut Business and Finance Technology Education Frameworks for Economics</p> <ul style="list-style-type: none"> ● Content Standard 3: Economic Institutions Economic institutions and incentives in the U.S. economy. ● Content Standard 6: U.S. Government The role of the U.S. government in an economic system. <p>NBEA Standards ECONOMICS</p> <p>IV. MARKETS AND PRICES Achievement Standard: analyze the role of markets and prices in the U.S. economy. Level 4 Performance Expectations</p> <ul style="list-style-type: none"> ● calculate the elasticity coefficient for price changes of various goods and services <p>V. MARKET STRUCTURES Achievement Standard: 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</p> <ul style="list-style-type: none"> ● 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) <p>VII. THE ROLE OF GOVERNMENT Achievement Standard: analyze the role of government in economic systems, especially the role of government in the U.S. economy. Level 3 Performance Expectations</p> <ul style="list-style-type: none"> ● evaluate the equity of taxes based on income, wealth, and consumption

	<ul style="list-style-type: none"> ● 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 <p>Level 4 Performance Expectations</p> <ul style="list-style-type: none"> ● analyze how taxes serve as an incentive or disincentive to individuals and institutions
Essential Question(s):	<ul style="list-style-type: none"> ● What is the role of the government in our economy? ● How does market failure misallocate resources and how can the government respond?
Enduring Understanding(s):	<ul style="list-style-type: none"> ● There are times when a product market will need assistance from the government. ● Price ceiling, floors, legislation, subsidies and taxes are all tools the government can use in our markets.
Learning Goal(s): <i>Students will be able to use their learning to:</i>	<p>Students will be able to:</p> <ul style="list-style-type: none"> ● Recommend and describe appropriate government policy in response to various economic scenarios. ● Graphically demonstrate externalities and market failures. ● Create and describe the circular flow diagram with the government included. ● 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.