

WGSD Curriculum
Business Department

Course: AP Microeconomics

Grade Level: 11-12

LG 1 Basic Concepts

High Priority Standards	
<p>NBEA Standards Economics 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>	
Learning Goal	Proficiency Scale
<p>Students will understand fundamental economic concepts.</p>	<p>Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal.</p> <p>Level 3: Student demonstrates mastery with the learning goal as evidenced by:</p> <ul style="list-style-type: none"> • Explaining the concepts of opportunity costs and trade-offs using the production possibilities curve or other analytical examples. • Determining the basis under which mutually advantageous trade can take place between countries. • Explaining why and how specialization and exchange increase total output of goods and services. • Applying knowledge of economic systems to analyze the United States economy and the events and items that influence it. <p>Level 2: Student demonstrates he/she is nearing proficiency by:</p> <ul style="list-style-type: none"> • Recognizing and recalling specific vocabulary, such as: opportunity cost, economic models, circular-flow, production possibilities, microeconomics, macroeconomics, positive and normative statements, factors of production (labor, land, capital, entrepreneurship), human capital, capitalist, socialist, sustenance, comparative

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advantage, labor specialization markets, quantity demanded, law of demand, demand schedules, demand curve, quantity supplied, law of supply, supply schedules, supply curve, equilibrium, surplus, shortage, market demand.

- Performing processes such as:
 - Identifying the basic concepts that guide decision makers in an economy.
 - Identifying comparative advantage from differences in opportunity costs.
 - Identifying the differences between micro and macroeconomic topics of study.
 - Describing how environmental, cultural, and world event factors affect economies function.

Level 1: Student demonstrates a limited understanding or skill with the learning goal.

Learning Targets

Students know how to:

- Draw conclusions between the concepts of scarcity and opportunity costs.
- Reflect on the uses and applications of the circular flow model of economics.
- Interpret the conclusions of the production possibilities frontier for an economy.
- Justify the economic rationale for the vicious cycle of poverty.
- Critique the relationship between slope and production possibilities.
- Generate statements surrounding the four factors of production.
- Develop arguments for war, trade, national security good production, and innovation as related to the production possibilities frontier.
- Generate examples that illustrate the law of demand and the law of supply.
- Interpret demand and supply schedules and their corresponding graphs.
- Differentiate between a change in quantity demanded/supplied and a shift in demand/supply.
- Evaluate and create situations to determine the factors that shift a demand curve or a supply curve
- Describe the parts of the circular flow model and the production possibilities model.
- Write a positive and normative economic statement.

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- Diagram the various factors of production in an economy.
- Describe the effects of war on economies.
- Calculate comparative advantages.
- Show the ability to graph a demand and supply schedule.
- Explain calculations of surpluses and shortages.
- Depict equilibrium price and quantity.
- Explain calculations of price elasticity of demand and supply.

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LG 2 Process and Theories

High Priority Standards	
<p>NBEA Standards Economics 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>	
Learning Goal	Proficiency Scale
<p>Students will understand microeconomic theories and concepts.</p>	<p>Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal.</p> <p>Level 3: Student demonstrates mastery with the learning goal as evidenced by:</p> <ul style="list-style-type: none"> • Applying the concepts of elasticity such as calculating price, cross-price, demand and supply. • Explaining the theories that guide microeconomics, such as consumer choice, production theory, market theory, and game theory. <p>Level 2: Student demonstrates he/she is nearing proficiency by:</p> <ul style="list-style-type: none"> • Recognizing and recalling specific vocabulary, such as: normal good, inferior good, substitute and complementary goods, elasticity, total revenue, income elasticity, cross-price elasticity, utility/utilities, marginal utility, MU/P, rational consumer, consumer surplus, producer surplus, price ceilings, price floors, surplus, shortage, sole proprietorship, partnership, corporation, limited/unlimited liability. • Performing processes such as:

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- Determining the result of interventions in markets.
- Demonstrating an understanding of limited vs. unlimited liability.
- Identifying concerns with interventions in free markets.

Level 1: Student demonstrates a limited understanding or skill with the learning goal.

Learning Targets

Students know how to:

- Diagnose products based upon their price elasticity of demand and supply measures.
- Interpret elasticity calculation results both in the long-run and the short-run.
- Connect the relationship between price elasticity and total revenue.
- Differentiate elasticity conclusions based upon slope and graphs.
- Reflect on the differences between income-elasticity and cross-price elasticity.
- Debate the truth behind the theory of diminishing marginal utility.
- Diagnose paradoxical relationships between utility and varying economic situations.
- Dissect rational consumer behaviors related to marginal utility to price ratios differentiating between price ceilings and price floors.
- Dissect the arguments behind the formation and implementation of various business entities.
- Differentiate between limited and unlimited liability.
- Understand elasticity numerical results.
- Locate the law of diminishing marginal utility graphically and hypothetically.
- Calculate μ/p ratio and predicting/analyzing consumer behaviors.
- Explain consumer and producer surplus.
- Produce graphs and labeling price floors and ceilings.

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LG 3 Product Markets

High Priority Standards

NBEA Standards

Economics

IV. Markets and Prices

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

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.

Learning Goal	Proficiency Scale
<p>Students will understand product markets.</p>	<p>Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal.</p> <p>Level 3: Student demonstrates mastery with the learning goal as evidenced by:</p> <ul style="list-style-type: none"> • Explaining both the demand and supply sides of product markets and how they interact. • Demonstrating and understanding of production and cost analysis by applying formulas such as the MR=MC rule, price elasticity, and the law of diminishing returns. <p>Level 2: Student demonstrates he/she is nearing proficiency by:</p> <ul style="list-style-type: none"> • Recognizing and recalling specific vocabulary, such as: fixed costs, variable costs, diminishing returns, average costs, marginal cost, economies of scale, constant

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	<p>returns to scale, diseconomies of scale, long-run, short-run, rightsizing, downsizing, outsourcing, profit-maximization, MR=MC rule, marginal revenue, loss minimization, economic externalities, free rider, third party, property rights, market failure, obligatory controls, public good, asymmetric information, moral hazard, private vs. social cost.</p> <ul style="list-style-type: none"> • Performing processes such as: <ul style="list-style-type: none"> ○ Identifying concepts that affect product markets, both positively and negatively, such as moral hazard, price ceilings, and outsourcing. ○ Recognizing the various solutions the government has for firms involved in market failure. ○ Identifying when firms are in a state of economy, diseconomy, or constant returns to scale. <p>Level 1: Student demonstrates a limited understanding or skill with the learning goal.</p>
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Learning Targets

Students know how to:

- Generate analytical statements based upon calculations of fixed, variable, and average cost structures of firms.
- Hypothesize when and if the law of diminishing returns sets in for a firm.
- Debate production decisions for firms based upon their cost structures and whether they operate as an economy of scale, a diseconomy of scale, or at constant returns to scale.
- Interpret the implications of outsourcing, rightsizing, downsizing, in both the long-run and short-run economic situations for a firm.
- Investigate the relationship between marginal revenue and marginal cost for firms.
- Develop a strategy for a firm to maximize profit and minimize loss to avoid economic shutdown.
- Simulate economic externalities of firms and market failure scenarios.
- Diagnose firms that have high social cost and contrasting them with firms not in danger of market failure.
- Generate scenarios where moral hazard occurs.
- Critique government solutions for handling market failure.

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- Calculate fixed and variable costs.
- Graph fixed and variable costs.
- Calculate average fixed and average variable costs.
- Graph average fixed and average variable costs.
- Describe when a firm should increase, maintain, or decrease production and output.
- Demonstrate an understanding of when a firm should outsource labor or resources.
- Calculate total and marginal revenue.
- Describe situations when profit maximization or loss minimization need to be employed.
- Label positive and negative externalities.
- Examine firms in market failure.
- Identify asymmetric information and deciding when moral hazard may occur.

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LG 4 Market Structures

High Priority Standards	
<p>NBEA Standards Economics IV. Markets and Prices Achievement Standard: Analyze the role of markets and prices in the U.S. economy. 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>	
Learning Goal	Proficiency Scale
<p>Students will understand market structures within the product markets.</p>	<p>Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal.</p> <p>Level 3: Student demonstrates mastery with the learning goal as evidenced by:</p> <ul style="list-style-type: none"> • Generating price strategies for firms based upon an understanding of their market structure. • Explaining concentration ratios and the HHI index for various market structures. • Comparing and describing various market structures of firms such as firm entry, product differentiation, price control, market power, and number of competitors. <p>Level 2: Student demonstrates he/she is nearing proficiency by:</p> <ul style="list-style-type: none"> • Recognizing and recalling specific vocabulary, such as: relevant market, cross-elasticity, market structure, monopoly, oligopoly, monopolistic competition, perfect competition, market share, market position, product differentiation, innovators, imitators, patents, concentration ratio, market power, horizontal merger, vertical

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	<p>merger, conglomerate merger, joint venture, cartel, game theory of pricing, price makers/takers, brand multiplication, brand loyalty, antitrust.</p> <ul style="list-style-type: none">• Performing processes such as:<ul style="list-style-type: none">○ Describing the four main types of market structures.○ Identifying the three types of mergers.○ Describing the various methods the government has to handle monopoly situations. <p>Level 1: Student demonstrates a limited understanding or skill with the learning goal.</p>
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Learning Targets

Students know how to:

- Research a specific firm and hypothesizing its market structure.
- Investigate the various factors that influence a firm's market structure.
- Diagnose markets' pricing options and strategies based upon their market structure.
- Hypothesize whether or not perfect competition exists in natural markets.
- Invent hypothetical situations where various categories of mergers could/would occur.
- Compare and contrast cartels and game theories of pricing.
- Develop rationales for nationalizing, ignoring, encouraging, splitting up, and prohibiting monopolies.
- Calculate cross-elasticity measures.
- Understand how to read cross-elasticity results and interpreting whether or not a firms share a relevant market.
- Categorize different firms into different market structures.
- Calculate concentration ratios in oligopolistic markets.
- Demonstrate an understanding of cartels and price limitations for firms.
- Understand branding and advertising concerns for oligopolistic markets.

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LG 5 Factor Markets

High Priority Standards

NBEA Standards

Economics

IV. Markets and Prices

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

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 and global trade.

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.

Learning Goal	Proficiency Scale
<p>Students will understand factor markets.</p>	<p>Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal.</p> <p>Level 3: Student demonstrates mastery with the learning goal as evidenced by:</p> <ul style="list-style-type: none"> • Applying the concepts of supply and demand to markets for factors such as labor, capital, and land. • Explaining how a factor’s marginal product and the marginal revenue product affect the demand for the factor. <p>Level 2: Student demonstrates he/she is nearing proficiency by:</p> <ul style="list-style-type: none"> • Recognizing and recalling specific vocabulary, such as: revenue, marginal labor

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cost, marginal revenue product, wage rate, backward-bending supply curve, minimum wage, efficiency wages, monopsony, union, closed shop, union shop, craft union, industrial union, loanable funds market, capital equipment, interest rate, present value, rent, profit, Lorenz curve, Gini coefficient, wealth, life-cycle wealth, median income, poverty threshold., negative income tax.

- Performing processes such as:
 - Identifying the role of factor prices in the allocation of scarce resources.
 - Identifying the sources of income inequality in a market economy.
 - Describing the factors that shift the demand and supply curves for labor.

Level 1: Student demonstrates a limited understanding or skill with the learning goal.

Learning Targets

Students know how to:

- Compare and contrast output curves and marginal product curves for various firms.
- Develop strategies for firms with situations of diminishing returns.
- Draw conclusions from revenue, marginal revenue product, and wage rate calculations.
- Experiment with firm decisions surrounding wage rate changes and marginal physical product.
- Deduce factors that shift supply and demand curves for the labor markets.
- Identify concerns with wage rate differentials in economies.
- Construct arguments for and against minimum wage legislation and efficiency wages.
- Devise situations where a monopsony would arise.
- Draw economic conclusions from return to monopsony power calculations.
- Research the economic benefit and history of unions.
- Construct arguments for why firms need utilize the loanable funds market.
- Debate the ethics behind interest rate profiting by firms in an economy.
- Classify various types of rent.
- Investigate the best ways to profit in an economy.

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- Rank economic standing based upon Lorenz curves.
- Investigate Gini-coefficients for economies and comparing their implications.
- Dissect arguments for and against wealth distribution equality for economies.
- Research poverty thresholds and developing a position for possible economic solutions.
- Calculate output and marginal physical product.
- Recognize marginal physical product and output curves graphically.
- Paraphrase the law of diminishing returns.
- Demonstrate an understanding of how wage rates are determined and recognizing when to stop hiring laborers and making output.
- Reproduce a backward-bending supply curve graphically.
- Explain wage rate differentials.
- Explain the role of loanable funds to the economy as a whole and the firm.
- Calculate the interest rate on loanable funds.
- Describe the present value.
- Understand various types of rent.
- Graph and explaining a Lorenz curve.
- Interpret Gini-coefficients.
- Observe wealth distribution inequality globally and nationally.
- Recognize negative income tax and other corrective income policies.

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LG 6 World Economy

High Priority Standards

NBEA Standards

Economics

IV. Markets and Prices

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

Learning Goal	Proficiency Scale
Students will be able to determine how changes in the market and policy affect foreign exchange markets.	Level 4: Student demonstrates an in-depth inference or advanced application or innovates with the learning goal. Level 3: Student demonstrates mastery with the learning goal as evidenced by: <ul style="list-style-type: none">• Explaining how market forces and public policy affect currency demand and currency supply in the foreign exchange markets. Level 2: Student demonstrates he/she is nearing proficiency by: <ul style="list-style-type: none">○ Recognizing and recalling specific vocabulary, such as: free trade, international specialization, absolute advantage, comparative advantage, imports, exports, tariff, quota, GATT, NAFTA, EEC, WTO, EU, forex market, exchange rate, floating exchange rate, appreciation, depreciation,

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arbitrage, fixed exchange rate, devaluation, international monetary fund, balance of trade, debt, less developed countries, infrastructure, big push, forward and backward linkages

- Performing processes such as:
Level 1: Student demonstrates a limited understanding or skill with the learning goal.

Learning Targets

Students know how to:

- Decipher various trade options for economies based upon calculations of economic advantages and export/import data.
- Hypothesize various trade scenarios based upon various policies/arguments for or against trading with other economies.
- Compare and contrasting the effects of initiating trade tariff and trade quotas.
- Critique the purpose and value of different trade organizations.
- Judge the value of manipulating foreign exchange markets.
- Justify the process of arbitrage and the ethics of currency trading.
- Determine solutions for national deficits.
- Investigate economic statistics such as birth and death rate to defend less-developed country status.
- Develop plans of action for less-developed countries based upon the factors and economic “traps” that occur.
- Justify the argument for a “big push” from the government/global decision-makers.
- Gather information about intra/inter-state trade.
- Define free trade.
- Calculate absolute and comparative advantages.
- Identify a nation’s imports and exports in terms of trade and advantage.
- Summarize the arguments for and against international trade.
- Clarify the need for tariffs and quotas, along with various trade organizations.
- Summarize the purpose and function of the forex market.
- Calculate exchange rates for various currencies.
- Describing the factors that shift supply and demand curves relating to foreign exchange markets.

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- Understand the value of money.
- Describe the difference between floating and fixed exchange rates.
- Identify how national deficits arise.
- Recognize less-developed countries on a global map.
- Calculate birth and date rates.
- Understand the role of government and global entities in managing less-developed countries.