

Dominican International School



AP MICROECONOMICS

Teacher: Ms. Mwaka Peter

Grade Level: 11 And 12

1 Year, 1 Credit

School Year: 2021-2022

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Course Description

AP Microeconomics is a college-level course that is designed to give students in-depth understanding of the principles of Economics that apply to the functions of individual economic decision-makers, both consumers and producers within the economic system. Such a course places particular emphasis on the nature and function 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. Students learn to use graphs, charts, and data to analyze, describe, and explain economic concepts.

The Big Ideas

The following are the big ideas that serve as the foundation of the course and allow students to create meaningful connections among concepts.

BIG IDEA 1: SCARCITY AND MARKETS (MKT)

Limited resources and unlimited wants result in the need to make choices. In a market economy, the choices of buyers and sellers determine market prices and the allocation of scarce resources.

BIG IDEA 2: COSTS, BENEFITS, AND MARGINAL ANALYSIS (CBA)

There are trade-offs associated with any decision. Making optimal decisions requires evaluating the additional costs and benefits of possible actions.

BIG IDEA 3: PRODUCTION CHOICES AND BEHAVIOR (PRD)

Firms seek to minimize costs and maximize profits, which influences their production decisions in the short run and long run.

BIG IDEA 4: MARKET INEFFICIENCY AND PUBLIC POLICY (POL)

Private markets can fail to allocate resources efficiently, and well-designed public policy can endeavor to promote greater efficiency and equity in the economy.

Spiraling the Big Ideas

The table below shows how the big ideas spiral across AP microeconomics units and the chapters in the textbook of choice, Foundations of Economics AP Edition, Robin Bade and Michael Parkin, Eighth Edition, Pearson 2018:.

UNITS ⇒	Unit 1 <i>Basic Economic Concepts</i>	Unit 2 Supply and Demand	Unit 3 <i>Production, Cost, and the Perfect Competition Model</i>	Unit 4 <i>Imperfect Competition</i>	Unit 5 <i>Factor Markets</i>	Unit 6 <i>Market Failure and the Role of Government</i>
BIG IDEAS ↓						
Scarcity and Markets MKT	MKT CH1, CH2 CH3 CH6,	MKT CH4,CH5				
Costs, Benefits, and Marginal Analysis CBA	CBA CH3, CH6		CBA CH6, CH14, CH15			
Production Choices and Behavior PRD			PRD CH3, CH14, CH15	PRD CH16, CH17, CH18	PRD CH19	
Market Inefficiency and Public Policy POL		POL CH4, CH6,CH7, CH8			CH16, CH17	POL CH6, CH7, CH8

Teaching Strategies

1. Class discussion: Emphasis will be placed on the importance of considering different approaches and viewpoints.
2. Critical thinking and the linking of theoretical knowledge with current events in the U.S. economy will be encouraged.
3. Assignments and exams: Each week, at the end of the week there will be an evaluation of the week's work. Students have quizzes, prepare presentations or answer questions about the work covered.
4. Homework from an AP Test Prep Series and *MyLab Economics* will be assigned and evaluated.
5. Should students need to pay attention to certain sections in greater detail, time at the end of the school day will be set aside for this purpose.

Student Activities

- Students will be required to watch news bulletins about the latest economic developments in the US and globally.

- Selected articles from The Economist, The Wall Street Journal, the Financial Times and other sources will be distributed for reading and critical evaluation.
- Classroom quizzes and presentations.
- Homework assignments.
- Self-evaluation through the Test Preparation Book.

Assessment

Grades will be computed following the school policy of 30% Homework, 30% Quizzes and Projects, 30% Quarter Exam, and 10% department. There will be opportunities for students to show their learning through individual and group writing and oral activities during class. The following assessment tools will be used to evaluate performance every week:

- Various writing assignments.
- Quizzes and Quarter Tests.
- Peer or group evaluation.
- Homework assignments from the AP Test Prep Series and *MyLab Economics*.
- Self-evaluation through the AP Test Prep Series.

Primary Textbook

Foundations of Economics AP Edition, Robin Bade and Michael Parkin, Eighth Edition, Pearson 2018

Notes and news articles from resources such as The Economist, Newsweek and Time will be handed out during the course of the semester.

Technology Resources

- MyLab Economics (online resource)
- Instructor's Resource Disk
- Downloaded news items and articles from the Internet. AP Microeconomics is a college-level course that is designed to give students in-depth understanding of the principles of Economics that apply to the functions of individual economic decision-makers.
- PowerPoint slides.

Supplementary Internet Materials

- AP Classroom: apclassroom.collegeboard.org
- Econ Girl: youtube.com/user/jodiecongirl
- Welker: welkerswikinomics.com
- Khan Academy®: khanacademy.org

AP MICRECONOMICS: Gr.11 & 12

1st QUARTER – TENTATIVE COURSE CONTENT

(NB: Depending on time and interest, the teacher may delete and/or add other selections.)

Week	Topic
<p>Week 1- 4 Aug. 12 – Sep. 3</p> <p style="text-align: center;">UNIT 1</p>	<p style="text-align: center;">UNIT 1</p> <p>Unit 1.1 Scarcity</p> <p>CH 1: Getting Started</p> <ol style="list-style-type: none"> 1. Define economics and explain the kinds of questions that economists try to answer. <ul style="list-style-type: none"> ▪ Scarcity ▪ Economics Defined –Microeconomics & Macroeconomics ▪ What, How, and For Whom? ▪ Can the Pursuit of Self-Interest Be in the Social Interest? 2. Explain the ideas that define the economic way of thinking. <ul style="list-style-type: none"> ▪ A Choice Is a Tradeoff ▪ Cost: What You <i>Must</i> Give Up & Benefit: What You Gain ▪ Rational Choice ▪ How Much? Choosing at the Margin -Marginal Cost, Marginal Benefit, Making a Rational Choice ▪ Choices Respond to Incentives 3. Explain how economics is useful as a life skill. <ul style="list-style-type: none"> ▪ Economics as Social Science -Disagreement: Normative versus Positive <p>Unit 1.2 Resource Allocation and Economic Systems</p> <p style="text-align: center;">Appendix: Making and Using Graphs.</p> <p>CH 2: The U.S. and Global Economies</p> <ol style="list-style-type: none"> 1. Describe what, how, and for whom goods and services are produced in the United States. <ol style="list-style-type: none"> A. What Do We Produce? Consumption Goods and Services; Capital Goods B. How Do We Produce? Land, Labor, Capital, Entrepreneurship C. For Whom Do We Produce? Rent, Wages, Interest, Profit (or Loss) <p>Economic Systems</p> 2. Describe what, how, and for whom goods and services are produced in the global economy. <ol style="list-style-type: none"> A. The People B. The Countries -Advanced Economies and Emerging Market and Developing Economies C. <i>What</i> in the Global Economy? D. <i>How</i> in the Global Economy? Human Capital Differences & Physical Capital Differences E. <i>For Whom</i> in the Global Economy? Personal Distribution of Income vs International Distribution 3. Explain the circular flow model of the U.S. economy and the global economy. <ol style="list-style-type: none"> A. Households and Firms B. Markets

- C. Real Flows and Money Flows
- D. Governments - Federal Government & State and Local Government
- E. Governments in the Circular Flow
- G. Circular Flows in the Global Economy - International Trade & International Finance

Unit 1.3 Production Possibilities Curve

CH 3: The economic problem

- 1. Explain and illustrate the concepts of scarcity, production efficiency, and tradeoff using the production possibilities frontier.**
 - A. Production Possibilities Frontier
 - B. How the *PPF* Illustrates Scarcity and Its Consequences
 1. Attainable and Unattainable Combinations
 2. Efficient and Inefficient Production
 3. Tradeoffs and Free Lunches
- 2. Calculate opportunity cost.**
 - A. Opportunity Cost and the Slope of the *PPF*
 - B. Opportunity Cost Is a Ratio
 - C. Increasing Opportunity Costs Are Everywhere
- 3. Explain what makes production possibilities expand.**
 - A. Economic Growth

Unit 1.4 Comparative Advantage and Trade

CH 3: The economic problem

- 4. Explain how people gain from specialization and trade.**
 - A. Absolute and Comparative Advantage
 - B. Comparative Advantage: A Model
 - C. Achieving Gains from Trade
 - D. The Economy's Production Possibilities Frontier

Unit 1.5 Cost-Benefit Analysis

- Explain and calculate the opportunity costs associated with choices.

Unit 1.6 Marginal Analysis and Consumer Choice

CH 6: Efficiency and Fairness of Markets

- 1. Describe alternative methods of allocating scarce resources and define and explain the features of an efficient allocation.**
 - A. Resource Allocation Methods
Market Price; Command; Majority Rule; Contest; First-Come, First-Served
Sharing Equally; Lottery; Personal Characteristics; Force
 - B. Using Resources Efficiently
- 2. Distinguish between value and price and define consumer surplus.**
 - A. Demand and Marginal Benefit
 - B. Consumer Surplus
- 3. Distinguish between cost and price and define producer surplus.**
 - A. Supply and Marginal Cost
 - B. Producer Surplus

Ch 13 Consumer Choice and Demand

	<ul style="list-style-type: none"> ▪ Calculate and graph a budget line that shows the limits to a person’s consumption possibilities. ▪ Explain marginal utility theory and use it to derive a consumer’s demand curve. <ul style="list-style-type: none"> ○ Total Utility ○ Marginal Utility ▪ Use marginal utility theory to explain the paradox of value: why water is vital but cheap while diamonds are relatively useless but expensive. <p>Personal Progress Check 1 Multiple-choice: ~20 questions Free-response: 2 questions Short & Short</p>
<p>Week 5-8 Sep 6 – Oct 1</p> <p>UNIT 2</p>	<p style="text-align: center;">UNIT 2</p> <p>Ch 4 Demand and Supply <u>Unit 2.1 Demand</u></p> <p>1. Distinguish between quantity demanded and demand, and explain what determines demand.</p> <ul style="list-style-type: none"> ▪ Competitive Markets; The Law of Demand; Demand Schedule and Demand Curve ▪ Individual Demand and Market Demand ▪ Changes in Demand / Demand Shifters ▪ Change in Quantity Demanded Versus Change in Demand <p><u>Unit 2.2 Supply</u></p> <p>2. Distinguish between quantity supplied and supply, and explain what determines supply.</p> <ul style="list-style-type: none"> ▪ The Law of Supply; Supply Schedule and Supply Curve ▪ Individual Supply and Market Supply ▪ Changes in Supply / Supply Shifters ▪ Change in Quantity Supplied Versus Change in Supply <p>3. Effects of Changes in Both Demand and Supply</p> <ol style="list-style-type: none"> 1. Both Demand and Supply Change In the Same Direction 2. Both Demand and Supply Change In Opposite Directions <p><u>Unit 2.3 Price Elasticity of Demand</u></p> <p>Ch 5 Elasticity of Demand and Supply Define and calculate the price elasticity of demand, and explain the factors that influence it.</p> <ul style="list-style-type: none"> ▪ Percentage Change in Price - The Midpoint Method ▪ Elastic and Inelastic Demand ▪ Influences on the Price Elasticity of Demand <ul style="list-style-type: none"> ○ Availability of Substitutes ○ Proportion of Income Spent ▪ Computing and Interpreting the Price Elasticity of Demand ▪ Elasticity Along a Linear Demand Curve ▪ Total Revenue and the Price Elasticity of Demand <p><u>2.4 Price Elasticity of Supply 3</u></p>

Define and calculate the price elasticity of supply, and explain the factors that influence it.

- Elastic and Inelastic Supply
- Influences on the Price Elasticity of Supply
 - Production Possibilities
 - Time Elapsed Since Price Change
 - Storage Possibilities
- Computing the Price Elasticity of Supply

2.5 Other Elasticities

Define the cross price elasticity of demand and the income elasticity of demand, and explain the factors that influence them.

- A. Cross Elasticity of Demand
- B. Income Elasticity of Demand

2.6 Market Equilibrium and Consumer and Producer Surplus

Evaluate the efficiency of the alternative methods of allocating scarce resources.

- A. Marginal Benefit Equals Marginal Cost
- B. Total Surplus is Maximized
- C. The Invisible Hand
- D. Underproduction and Overproduction
- E. Obstacles to Efficiency
- F. Alternatives to the Market

Explain the main ideas about fairness and evaluate the fairness of the alternative methods of allocating scarce resources.

- A. It's Not Fair If the *Rules* Aren't Fair
- B. It's Not Fair If the *Result* Isn't Fair
- C. Compromise

Unit 2.7 Market Disequilibrium and Changes in Equilibrium

Ch 6

Sources of Market Failure

- Price and Quantity Regulations
- Taxes and Subsidies
- Externalities
- Public Goods and Common Resources
- Monopoly
- High Transactions Costs

Alternatives to the Market

Unit 2.8 The Effects of Government Intervention in Markets

Ch 7 Government Actions in Markets

- Explain how a price ceiling works, and why a rent ceiling creates a housing shortage and is inefficient and unfair.
- Explain how a price floor works, and why the minimum wage creates unemployment and is inefficient and unfair.
- Explain how a production quota works, and why it brings a higher price and is inefficient and unfair.

	<p><u>Unit 2.9 International Trade and Public Policy</u> <i>Ch 9 Global Markets in Action</i></p> <ul style="list-style-type: none"> ▪ Explain how markets work with international trade. ▪ Identify the gains from international trade and its winners and losers. ▪ Explain the effects of international trade barriers. ▪ Explain and evaluate arguments used to justify restricting international trade. <p>Personal Progress Check 2 Multiple-choice: ~25 questions Free-response: 2 questions Short & Short</p> <p>First Quarter Exam Oct 7-8</p>
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2nd QUARTER – TENTATIVE COURSE CONTENT

(NB: Depending on time and interest, the teacher may delete and/or add other selections.)

Week	Topic
<p>Week 1-3 Oct 11 – 25</p> <p>UNIT 3</p>	<p style="text-align: center;">UNIT 3</p> <p><u>Unit 3.1 The Production Function</u></p> <ul style="list-style-type: none"> ▪ Explain and distinguish between the economic and accounting measures of a firm’s cost of production and profit. <p><u>Unit 3.2 Short-Run Production Costs</u></p> <ul style="list-style-type: none"> ▪ Explain the relationship between a firm’s output and labor employed in the short run. ▪ Explain the relationship between a firm’s output and costs in the short run. <p><u>Unit 3.3 Long-Run Production Costs</u></p> <ul style="list-style-type: none"> ▪ Derive and explain a firm’s long-run average cost curve. <p><u>Unit 3.4 Types of Profit</u></p> <ul style="list-style-type: none"> ▪ Accounting Cost and Profit ▪ Opportunity Cost - Explicit Costs and Implicit Costs ▪ Economic Profit <p><u>Unit 3.5 Profit Maximization</u> <i>Ch 15.1 A Firm’s Profit- Maximizing Choices</i> MR=MC</p> <p><u>Unit 3.6 Firms’ Short-Run Decisions to Produce and Long-Run Decisions to Enter or Exit a Market</u> <i>Ch15.1 Temporary Shutdown Decision</i> The shutdown point <i>Ch 15.3 Output, price, and profit in the Long Run</i></p> <ul style="list-style-type: none"> ▪ Entry and exit in the LR

	<p><u>Unit 3.7 Perfect Competition</u> <i>Ch 15 Perfect Competition</i></p> <ul style="list-style-type: none"> ▪ Explain a perfectly competitive firm’s profit-maximizing choices and derive its supply curve. ▪ Explain how output, price, and profit are determined in the short run. ▪ Explain how output, price, and profit are determined in the long run and explain why perfect competition is efficient. <p>Personal Progress Check 3 Multiple-choice: ~20 questions Free-response: 2 questions Short & Short</p>
<p>Week 4-6 Nov 1 – 15 UNIT 4</p>	<p style="text-align: center;">UNIT 4</p> <p><u>Unit 4.1 Introduction to Imperfectly Competitive Markets</u> <i>Ch 15 Introduction only</i> Other Market Types</p> <ul style="list-style-type: none"> ▪ Monopoly ▪ Monopolistic Competition ▪ Oligopoly <p><u>Unit 4.2 Monopoly</u> <i>Ch 16 Monopoly</i></p> <ul style="list-style-type: none"> ▪ Explain how monopoly arises and distinguish between single-price monopoly and price-discriminating monopoly. <ul style="list-style-type: none"> -Monopoly Price-Setting Strategies <ol style="list-style-type: none"> 1. Single-Price 2. Price Discrimination ▪ Explain how a single-price monopoly determines its output and price. ▪ Compare the performance of a single-price monopoly with that of perfect competition. <p><u>Unit 4.3 Price Discrimination</u> <i>Ch 16 Monopoly</i></p> <ul style="list-style-type: none"> ▪ Explain how price discrimination increases profit. ▪ Explain why natural monopoly is regulated and the effects of regulation. <p><u>Unit 4.4 Monopolistic Competition</u> <i>Ch 17 Monopolistic Competition</i></p> <ul style="list-style-type: none"> ▪ Describe and identify monopolistic competition. ▪ Explain how a firm in monopolistic competition determines its output and price in the short run and the long run. <ul style="list-style-type: none"> -The Firm’s Profit-Maximizing Decision -Profit Maximizing Might Be Loss Minimizing ▪ Explain why firms develop new and improved products and incur large advertising costs. <p><u>Unit 4.5 Oligopoly and Game Theory</u></p>

	<p>Ch 18 Oligopoly</p> <ul style="list-style-type: none"> ▪ Describe and identify oligopoly and explain how it arises. ▪ Explain the dilemma faced by firms in oligopoly. ▪ Use game theory to explain how output and price are determined in oligopoly. ▪ Describe the antitrust laws that regulate oligopoly. <p>Personal Progress Check 4 Multiple-choice: ~15 questions Free-response: 2 questions Short & Long</p> <p align="center">Second Quarter Exam for AP Microeconomics (Grade 12 Exams) Nov 26 & 29</p>
<p>Week 8-10 Nov 29-Dec 17 UNIT 5</p>	<p align="center">UNIT 5</p> <p><u>Unit 5.1 Introduction to Factor Markets</u></p> <p>The Anatomy of Factor Markets.</p> <ul style="list-style-type: none"> ▪ Markets for Labor Services ▪ Markets for Capital Services ▪ Markets for Land Services and Natural Resources <p><u>Unit 5.2 Changes in Factor Demand and Factor Supply</u></p> <ul style="list-style-type: none"> ▪ Explain how the value of marginal product determines the demand for a factor of production. <ul style="list-style-type: none"> ➡ Value of Marginal Product ➡ A Firm's Demand for Labor and Curve ➡ Changes in the Demand for Labor ➡ The Supply of Labor ➡ Influences on the Supply of Labor ➡ Competitive Labor Market Equilibrium ➡ Labor Unions <p><u>Unit 5.3 Profit-Maximizing Behavior in Perfectly Competitive Factor Markets</u></p> <ul style="list-style-type: none"> ▪ Explain how wage rates and employment are determined and how labor unions influence labor markets. ▪ Explain how capital and land rental rates and natural resource prices are determined. ▪ Explain how capital and land rental rates and natural resource prices are determined.

Dec 20th to Jan 2nd

Christmas Break

3RD QUARTER – TENTATIVE COURSE CONTENT

(NB: Depending on time and interest, the teacher may delete and/or add other selections.)

Week	Topic
Week 1 Jan 4-7	UNIT 5 <u>Unit 5.4 Monopsonistic Markets</u> Links to resources will be provided <u>Personal Progress Check 5</u> Multiple-choice: ~10 questions Free-response: 1 question Short
Week 2-4 Jan 10-28 UNIT 6	UNIT 6 <u>Unit 6.1 Socially Efficient and Inefficient Market Outcomes</u> Ch 10 Externalities <ul style="list-style-type: none">▪ Inefficiency with an external cost; Property rights achieve an efficient outcome; underproduction with an external benefit; public provision to achieve an efficient outcome. <u>Unit 6.2 Externalities</u> Ch 10 Externalities <ul style="list-style-type: none">▪ Explain why negative externalities lead to inefficient overproduction and how property rights and pollution taxes can achieve a more efficient outcome.▪ Explain why positive externalities lead to inefficient underproduction and how public provision, subsidies, and vouchers can achieve a more efficient outcome. <u>Unit 6.3 Public and Private Goods 1</u> Ch 11 Public Goods and Common Resources <ul style="list-style-type: none">▪ Distinguish among private goods, public goods, and common resources.<ul style="list-style-type: none">-Excludable; Rival; A Fourfold Classification▪ Explain the free-rider problem and how public provision might help to overcome it and deliver an efficient quantity of public goods.▪ Explain the tragedy of the commons and review its possible solutions. <u>Unit 6.4 The Effects of Government Intervention in Different Market Structures</u> Ch 16 & Ch 18 <ul style="list-style-type: none">▪ Explain why natural monopoly is regulated and the effects of regulation.▪ Describe the antitrust laws that regulate oligopoly <u>Unit 6.5 Inequality</u> Ch 20 Economic Inequality <ul style="list-style-type: none">▪ Describe the economic inequality in the United States.

	<ul style="list-style-type: none"> Explain how economic inequality arises. Explain how governments redistribute income and describe the effects of redistribution on economic inequality. <p>Personal Progress Check 6 Multiple-choice: ~15 questions Free-response: 2 questions Short & Long</p>
Feb 29th to 6th	Chinese New Year
Week 5 (24) Feb 7th to 11th	Review Lessons Unit 1 College board AP Practice Exercises
Week 6 (25) Feb 14th to 18th	Review Lessons Unit 2 College board AP Practice Exercises
Week 7 (26) Feb 21st to 25th	Review Lessons Unit 3 College board AP Practice Exercises
Week 8 (27) Feb 28th to 4th 4 Days of Class 28 – 228 Memorial Day Holiday FYI – Mass + Pre-Exam Days	Review Lessons Unit 4 College board AP Practice Exercises
Week 9 (28) March 7th to 11th	Review Lessons Unit 5 College board AP Practice Exercises
Week 10 (29) March 14th to 18th 4 Days of Class 18 – Q3 Exams	AP Microeconomics Exam Third Quarter Exam Mar 18 & 21
<u>4th QUARTER – TENTATIVE COURSE CONTENT</u>	
<i>(NB: Depending on time and interest, the teacher may delete and/or add other selections.)</i>	
Week	Topic
Week 1 (30) March 21st to 25th 4 Days of Class 21 – Q3 Exams	Review Lessons Unit 6 College board AP Practice Exercises
Week 2 (31) March 28th to Apr 1st	Review Past AP Micro Papers FRQ and MCQ Watch Review videos on AP Classroom (college board)
Week 3 (32) Apr 4th to 8th 3 Days of Class 4-5 ~ Tomb Sweeping holiday	Review Past AP Micro Papers FRQ and MCQ Watch Review videos on AP Classroom (college board)
Apr 9th to 17th	Easter Break
Week 4 (33) Apr 18th to 22nd	AP MOCK EXAMS Fourth Quarter Exam Apr 18-22

Week 5 (34) Apr 25th to 29th FYI – Pre-Exam Days	Review Past AP Micro Papers FRQ and MCQ Watch Review videos on AP Classroom (college board)
Week 6 (35) May 2nd to 6th	Review Past AP Micro Papers FRQ and MCQ Watch Review videos on AP Classroom (college board)
Week 7 (36) May 9th to 13th	Review Past AP Micro Papers FRQ and MCQ Watch Review videos on AP Classroom (college board)
Week 8 (37) May 16th to 20th <i>20 – Q4 Exams</i>	AP MICROECONOMICS FINAL EXAM May 20, 2022
Week 9 (38) May 23rd to 27th <i>23 – Q4 Exams</i>	Graduations
Week 10 (39) May 30th to 2nd 4 Days at School <i>3 ~ Dragon Boat Festival</i>	