

# AP MICROECONOMICS

The AP program in Microeconomics is designed to provide students with the analytical skills and factual knowledge necessary to deal critically with the problems and materials in economics. The program prepares students for intermediate and advanced college courses by making demands upon them equivalent to those made by introductory college courses. Students should learn to assess economic data - their relevance to a given interpretive problem, their reliability, and their importance- and to weigh the evidence and interpretations presented in economic scholarship. An AP Microeconomics course should thus develop the skills necessary to arrive at conclusions on the basis of an informed judgment and to present reasons, analysis, synthesis and evidence clearly and persuasively in a free response format.

## **COURSE OBJECTIVES:**

The purpose of AP Microeconomics is to give students a thorough understanding of the principles of economics that apply to the functions of individual decision makers, both consumers and producers, within the larger economic system. It places primary emphasis on the nature and functions of product markets, and includes the study of factor markets and the role of government in promoting greater efficiency and equity in the economy. It includes the following concepts: scarcity, opportunity costs and production possibilities, specialization and comparative advantage, the functions of any economic system, the nature and functions of product market, supply and demand, models of consumer choice, firm production, costs, revenues, product pricing and outputs, efficiency and government policy, factor markets, efficiency, equity, and the role of government.

## **TEXTBOOK & SUPPLEMENTAL MATERIALS:**

McConnell and Brue, Economics: Principles, Problems, and Policies, AP Edition, 19th edition Boston, McGraw-Hill-Irwin 2012.

[www.collegeboard.com/](http://www.collegeboard.com/) (official AP website)

The Economist Magazine

Various test preparation books will be shared at year-end for your review and use.

# **UNIT 1: AN INTRODUCTION TO MICROECONOMICS (2 WEEKS)**

**Readings:** McConnell and Brue. Chapters 1, 2, and 5.

Chapter 1 - Limits, Alternatives, and Choice. pp. 4-22.

## **Topics:**

- The economic perspective: scarcity and choice, rational behavior, marginalism, benefits and costs.
- Why study economics: Economics for citizenship, professional and personal applications
- Economic methodology: theoretical economics, policy economics
- Macroeconomics and microeconomics: macroeconomics, microeconomics, positive and normative economics
- Pitfalls to sound reasoning: biases, loaded terminology, definitions, fallacy of composition, causation fallacies

**Readings:** Appendix to chapter 1: graphs and their meaning. Chapter 2 - The Market System and the Circular Flow, pp. 29 – 40

## **Topics:**

- The foundation of economics: unlimited wants, scarce resources
- Economics: employment and efficiency, full employment, using available resources, full production, using resources efficiently, production possibilities table, production possibilities curve, law of increasing opportunity cost, efficiency revisited
- Unemployment, Growth and the Future: unemployment and productive efficiency, a growing economy, a qualification- international trade, examples and applications

- Consider this: A matter of degrees, Is college worth the cost?
- Economic systems: the market system, the command system
- The circular flow model
- Characteristics of the market system: private property, freedom of enterprise and choice, self-interest, competition, markets and prices, reliance on technology and capital goods, specialization, use of money, active but limited government
- The market system at work: what will be produced, how will goods and services be produced, who will get the goods and services, how will the system accommodate change?
- Competition and the “Invisible hand”

**Readings:** Chapter 5 - Market Failures. pp 92-109

**Topics:**

- Households as income receivers: functional distribution of income, the personal distribution of income
- The business population
- Legal forms of businesses: advantages and disadvantages, the principle-agent problem
- The public sector: government’s role
- Providing the legal structure, maintaining competition, redistributing income, reallocating resources, promoting stability, government’s role: a qualification
- The Circular Flow revisited

**Activities and assessments**

The cycle of instruction is to first use the text to introduce the concepts. Students are assigned notes, outlines, graphs and their captions, and the vocabulary list for each chapter. Students are also assigned completion of four sections of each chapter's study guide: fill in the blanks, true - false, multiple choice, and problems. After the study guide for a chapter is turned in, the students get a multiple-choice quiz on the study guide. The day after the study guide and quiz have been completed the chapter notes are due. The students on that day will get a chapter test on content that will reinforce vocabulary definitions and understanding of tables and graphs. Once these have been accomplished, the students are ready for lectures on chapter content and activities that will reinforce the understanding.

**Unit 1:** activities come from the Advanced Placement Economics supplemental materials of the National Council on Economic Education. These activities are presented along with lectures and use of graphs that parallel the chapter content. Unit 1 activities are planned as follows.

**Schedule:**

- Day 1: Lecture on the economic way of thinking, using visual 1.1 Discuss ideas of activity 1 but do not assign it.
- Day 2: Give a lecture on scarcity, use visual 1.2 and illustrate the PPC. Assign activity 2 as homework.
- Day 3. Discuss activity 2. Then, discuss explicit and implicit costs. Use activity 3 for discussion but do not assign it.
- Day 4: Lecture on how economies deal with scarcity. Discuss activity 4 ideas but do not assign it.
- Day 5: Lecture on circular flow of resources using visual 1.3 and assign activity 5.
- Day 6: Discussion of comparative and absolute advantage using visuals 1.4 and 1.5 and assign activity 6 as homework.

- Day 7: Discuss activity 6. Teach on marginal benefits and costs. Discuss ideas of activity 7 but do not assign it. Assign activity 8 as a review of key concepts and preparation for essay portion of the coming unity exam.
- Day 8: Review activity 8 and key ideas for the unit 1 exam
- Day 9. Give the unit 1 exam, both multiple choice and essay portions.

## **UNIT 2: THE NATURE AND FUNCTION OF PRODUCT MARKETS (2 WEEKS)**

**Readings:** McConnell and Brue: Chapters 3, 6, 4, and 16.

Chapter 3 - Demand, Supply, and Market Equilibrium. pp. 46-69.

### **Topics:**

- Markets
- Demand: law of demand, the demand curve, market demand, change in demand, changes in quantity demanded
- Supply: law of supply, the supply curve, determinants of supply, changes in supply, changes in quantity supplied
- Supply and demand: market equilibrium: surpluses, shortages, equilibrium price and quantity, rationing function of prices, changes in supply, demand, and equilibrium, A reminder, “Other things equal”
- Price ceilings and shortages, price floors and surpluses

**Readings:** Chapter 6 - Consumer Behavior. pp. 115-133.

### **Topics:**

- A closer look at the law of demand, income and demand: income and substitution effects, law of diminishing marginal utility

- Theory of consumer behavior: consumer choice and budget constraint, utility-maximizing rule, numerical example, algebraic restatement
- Utility maximization and the demand curve: deriving the demand schedule and curve, income and substitution effects revisited
- Diamond-water paradox, value of time and other examples

**Readings:** Chapter 4 - Elasticity. pp. 75-87.

**Topics:**

- Price elasticity of demand: The price elasticity coefficient and formula, interpretations of elasticity of demand, refinement of the midpoint formula, graphic analysis, the total revenue test, price elasticity and the total revenue curve, determinants of elasticity of demand, applications of price elasticity of demand
  - Price elasticity of supply: the market period, price elasticity of supply: the short run, price elasticity of supply: the long run, applications of price elasticity of supply
  - Cross elasticity and income elasticity of demand

**Readings:** Chapter 16 - Public Finance: Expenditure and Taxes. pp. 335-353

**Topics:**

- Apportioning the tax burden: benefits received versus ability to pay, progressive, proportional, and regressive taxes
- Tax incidence and efficiency loss: elasticity and tax incidence, efficiency loss of a tax, probable incidence of US taxes, the US tax structure

**Activities and assessments**

The cycle of instruction is to first use the text to introduce the concepts. Students are assigned notes, outlines, graphs and their captions, and the vocabulary list for each chapter. Students are also assigned completion of four sections of each chapter's study guide: fill in the blanks, true - false, multiple choice, and problems.

After the study guide for a chapter is turned in, the students get a multiple-choice quiz on the study guide. The day after the study guide and quiz have been completed the chapter notes are due. The students on that day will get a chapter test on content that will reinforce vocabulary definitions and understanding of tables and graphs. Once these have been accomplished, the students are ready for lectures on chapter content and activities that will reinforce the understanding. In the case of a partial chapter assignment such as chapter 31, textbook homework is restricted to applicable vocabulary and graphs with captions. There is a matching quiz.

**Unit 2** activities come from the Advanced Placement Economics supplemental materials of the National Council on Economic Education. These activities are presented along with lectures and use of graphs that parallel the chapter content. Unit 2 activities are planned as follows.

### **Schedule:**

- Day 1: Difference between change in demand versus a change in quantity demanded using visual 2.1 and use visual 2.2 to teach determinants of demand. Assign activity 9 as homework.
- Day 2: Discuss activity 9. Lecture on diminishing marginal utility, identify consumer surplus, and demonstrate with a simulation. Activity 10 is done in class in small groups. Discuss this. Activity 11 is assigned as homework.
- Day 3: Discuss activity 11. Use visual 2.3 to illustrate the difference between a change in supply versus a change in the quantity supplied. Use visual 2.4 regarding determinants of supply. Assign activity 12 as homework.
- Day 4: Discuss activity 12 with explanation of producer surplus. Complete activity 13 in class and reinforcement of determinants of supply.
- Day 5: Demonstrate equilibrium and use visual 2.5. Assign activity 14 as homework.

- Day 6: Discuss activity 14. Use visual 2.6 to illustrate shifts in supply and demand. Do activity 15 in class and discuss it. Assign activity 16 as homework.
- Day 7: Go over activity 16. Use Visual 2.7 to lecture on elasticity of demand. Use visual 2.8 to illustrate how to calculate elasticity coefficient. Assign activity 17 as homework.
- Day 8: Discuss activity 17. Do activity 18 in class in small groups. Discuss each part as it is accomplished.
- Day 9: Lecture on the total revenue test for price elasticity of demand using visual 2.9. Have the student's complete activity 19 and discuss it in class. Discuss ideas from activity 20 but do not assign it.
- Day 10: Use visual 2.10 to discuss tax incidence. Complete activity 21, which covers shifts and elasticity of supply and demand applied to an economic policy question.
- Day 11: Conduct a brief supply and demand simulation with "A Market in Wheat". Use 2.11 to illustrate a price ceiling. Use visual 2.12 to illustrate a price floor. Assign activity 22 as homework.
- Day 12: Discuss activity 22. Do activity 23 in class.
- Day 13: Use activity 23 as a review discussion for the essay portion of the coming unit 2 exam.
- Day 14: Review key ideas of the unit.
- Day 15: Give essay portion of exam
- Day 16: Give multiple-choice portion of unit 2 exam.

### **UNIT 3: THE THEORY OF THE FIRM (2 WEEKS)**

**Readings:** McConnell and Brue. Chapters 7, 8, 9, 10, and 11.

Chapter 7 - Businesses and the Costs of Production. pp. 140-157.

**Topics:**

- Economic costs: explicit and implicit costs, normal profit as a cost, economic profit (or pure profit), short run and long run
- Short-run production relationships: law of diminishing returns
- Short-run production costs: fixed, variable, and total costs, per-unit, or average, costs, marginal cost, shifts of cost curves
- Long-run production costs: firm sizes and costs, the long-run cost curve, economies and diseconomies of scale, minimum efficient scale and industry structure

**Readings:** Chapter 8 - Pure Competition in the Short Run. pp. 194-209. Chapter 9 - Pure Competition in the Long Run. pp. 181-189.

**Topics:**

- Four market models
- Pure competition: characteristics and occurrence, relevance of pure competition
- Demand as seen by a purely competitive seller: perfectly elastic demand, average, total, and marginal revenue, graphic portrayal
- Profit maximization in the short run: total-revenue/total –cost approach, profit maximization case, marginal revenue – marginal cost approach
- Marginal cost and short-run supply: generalized depiction; diminishing returns, production costs, and product supply; changes in supply; firm and industry – equilibrium price
- Profit maximization in the long run: assumptions; goal of our analysis; long-run equilibrium; long-run supply for a constant cost industry; long-run supply for an increasing cost industry; long run supply for a decreasing cost industry

- Pure competition and efficiency: Productive efficiency:  $P = \text{Minimum ATC}$ ; Allocative efficiency:  $P = MC$
- Pure competition and consumer surplus

**Readings:** Chapter 10 - Pure Monopoly. pp. 194-209

**Topics:**

- An introduction to pure monopoly: examples of monopoly; dual objectives of the study of monopoly
- Barriers to entry: economies of scale, legal barriers to entry, patents and licenses, ownership or control of essential resources, pricing and other strategic barriers to entry
- Monopoly demand: marginal revenue is less than price; the monopolist is a price maker; the monopolist sets prices in the elastic region of demand
- Output and Price Determination: Cost data;  $MR = MC$  rule; no monopoly supply curve; misconceptions concerning monopoly pricing; possibility of losses by a monopolist
- Economic effects of monopoly: price, output, and efficiency; income transfer; cost complications; assessment and policy options
- Price discrimination: conditions; examples of price discrimination; price discrimination outcomes
- Regulated monopoly: socially optimal price  $P = MC$ ; fair return price –  $P = ATC$ ; dilemma of regulation

**Readings:** Chapter 11 - Monopolistic Competition and Oligopoly. pp. 216-241

**Topics:**

- Monopolistic competition: relatively large number of sellers; differentiated products; easy entry and exit; advertising; monopolistically competitive industries

- Price and output in monopolistic competition: the firm's demand curve; the short run- profit or loss; the long run; only a normal profit
- Monopolistic competition and efficiency: neither productive nor allocative efficiency; excess capacity
- Product variety: benefits of product variety; further complexity
- Oligopoly: a few large producers; homogeneous or differentiated products; control over price, but mutual interdependence; entry barriers; mergers; measures of industry concentration
- Oligopoly behavior: a game theory overview: mutual interdependence revisited; collusive tendencies; incentive to cheat
- Consider this: creative strategic behavior
- Three oligopoly models: kinked-demand curve theory-noncollusive oligopoly; cartels and other collusion; price leadership model
- Oligopoly and advertising: positive effects of advertising; potential negative effects of advertising
- Oligopoly and efficiency: productive and allocative efficiency; qualifications

### **Activities and assessments**

The cycle of instruction is to first use the text to introduce the concepts. Students are assigned notes, outlines, graphs and their captions, and the vocabulary list for each chapter. Students are also assigned completion of four sections of each chapter's study guide: fill in the blanks, true - false, multiple choice, and problems. After the study guide for a chapter is turned in, the students get a multiple-choice quiz on the study guide. The day after the study guide and quiz have been completed the chapter notes are due. The students on that day will get a chapter test on content that will reinforce vocabulary definitions and understanding of tables

and graphs. Once these have been accomplished, the students are ready for lectures on chapter content and activities that will reinforce the understanding.

**Unit 3** activities come from the Advanced Placement Economics supplemental materials of the National Council on Economic Education. These activities are presented along with lectures and use of graphs that parallel the chapter content. Unit 3 activities are planned as follows.

### **Schedule:**

- Day 1: Give a lecture on characteristics of perfect competition, monopolistic competition, oligopoly and monopoly. Do activity 24 in groups. Use visual 3.1 in conjunction with activity 24.
- Day 2: Provide overview of revenue, fixed costs, variable costs, and profits. Use visual 3.2 to show relationship of marginal product to marginal cost and average product to average variable cost. Have students begin activity 25 and finish it as homework.
- Day 3: Discuss activity 25. Discuss implicit and explicit costs. Use visual 3.3 to show relationships among FC, VC, and TC. Use visual 3.4 to show relationships among AFC, AVC, ATC, and MC. Use visual 3.4 to explain why MC crosses ATC at the minimum point. This is always true. Assign activity 26 as homework.
- Day 4: Discuss the answers to activity 26.
- Day 5: Review costs. Use visual 3.5 to show the perfectly competitive firm and industry in short-run equilibrium. Have the students complete parts A and B of activity 27 and discuss the answers. Assign the rest of activity 27 as homework.
- Day 6: Go over the rest of activity 27. Use graphs from activity 27 as visuals. Use visual 3.5 again to summarize the concepts learned.
- Day 7: Use visual 3.6 to illustrate profit, loss, and shutdown for a perfectly competitive firm. Use visual 3.7 to illustrate a firm in the long-run

equilibrium. Students will complete part A of activity 28 and discuss the answers.

- Day 8: In class, students complete part B of activity 28 and discuss the answers.
- Day 9: Use visuals 3.8 and 3.9 to illustrate how the firm and industry reach long-run equilibrium. The students complete activity 29 and discuss it.
- Day 10: Explain the differences between long-run and short-run average cost curves. Students complete activity 30 in class and discuss it.
- Day 11: Review perfect competition. Students complete activity 31. Students draw the graphs in activity 31 on the board.
- Day 12: Give a test on perfect competition.
- Day 13: Use visual 3.10 to explain why a monopolist is a price seeker and why  $MR$  is less than  $P$ . Students complete activity 32 and discuss it.
- Day 14: Use visual 3.11 to explain the monopolist's profit-maximizing price and to compare the output of a monopolist with that of a perfect competitor. The students complete activity 33.
- Day 15: Discuss the answers to activity 33. Illustrate consumer surplus for a monopolist and for a perfect competitor. Students complete activity 34 and discuss answers.
- Day 16: Students will read activity 35 and answer the questions in class. Give a lecture on price discrimination. Assign activity 36 as homework.
- Day 17: Go over answers to activity 36. Lecture on regulating monopolies. Assign activity 37 and discuss answers.

- Day 18: Students complete activity 38 in small groups. Discuss answers to activity 38. Students do activity 39 as a quick review of monopoly and perfect competition.
- Day 19: Give a test on monopoly. Assign activity 42 in advance as homework for day 22.
- Day 20: Use visual 3.12 to describe the characteristics of monopolistic competition. Students complete activity 40 and discuss answers.
- Day 21: Give lecture on game theory. Have the students' complete activity 41 and discuss the answers.
- Day 22: Go over activity 42 in class as a review for the essay portion of the unit 3 exam.
- Day 23: Review key ideas for the multiple-choice portion of the test.
- Day 24: give the multiple-choice portion of the exam.
- Day 25: Give the essay portion of the exam.

## **UNIT 4: FACTOR MARKETS (1 WEEK)**

**Readings:** McConnell and Brue: Chapters 12, 13, and 14.

Chapter 12 - Demand for Resources. pp. 248-260

### **Topics:**

- Significance of resource pricing
- Marginal productivity theory of resource demand: resource demand as a derived demand; marginal revenue product; rule for employing resources;

MRP=MRC; MRP as a resource demand schedule; resource demand under imperfect product market competition; market demand for a resource

- Determinants of resource demand: changes in product demand; changes in productivity; changes in the prices of other resources; occupational employment trends
- Elasticity of resource demand
- Optimal combination of resources: the least-cost rule; the profit maximizing rule; numerical illustration
- Marginal productivity theory of income distribution

**Readings:** Chapter 13 - Wage Determination. pp. 266-287.

**Topics:**

- Labor, wages, and earnings
- General level of wages: role of productivity; real wages and productivity; secular growth of real wages
- A purely competitive labor market: market demand for labor; market supply of labor; labor market equilibrium
- Monopsony model: upward-sloping labor supply to firm; MRC higher than the wage rate; equilibrium wage and employment; examples of monopsony power
- Three union models: demand-enhancement model; exclusive or craft union model; inclusive or industrial union model; wage increases and unemployment
- Bilateral monopoly model: indeterminate outcome of bilateral monopoly; desirability of bilateral monopoly

- The minimum-wage controversy: case against the minimum wage; case for the minimum wage; evidence and conclusions
- Wage differentials: marginal revenue productivity; non-competing groups; compensating differences; market imperfections
- Pay for performance: the principal-agent problem revisited; addenda; negative side effects of pay for performance

**Readings:** Chapter 14 - Rent, Interest, and Profit. pp. 293-308.

**Topics:**

- Economic rent: perfectly inelastic supply; changes in demand; land rent: a surplus payment; application: a sing tax on land; productivity differences and rent differences; alternative uses of land
  - Interest: loanable funds theory of interest; extending the model; range of interest rates; pure rate of interest; role of the interest rate
  - Economic profit: role of the entrepreneur; sources of economic profit; functions of profit
  - Last word: determining the price of credit
  - Income shares

**Activities and assessments**

The cycle of instruction is to first use the text to introduce the concepts. Students are assigned notes, outlines, graphs and their captions, and the vocabulary list for each chapter. Students are also assigned completion of four sections of each chapter's study guide: fill in the blanks, true - false, multiple choice, and problems. After the study guide for a chapter is turned in, the students get a multiple-choice quiz on the study guide. The day after the study guide and quiz have been completed the chapter notes are due. The students on that day will get a chapter test on content that will reinforce vocabulary definitions and understanding of tables

and graphs. Once these have been accomplished, the students are ready for lectures on chapter content and activities that will reinforce the understanding.

**Unit 4** activities come from the Advanced Placement Economics supplemental materials of the National Council on Economic Education. These activities are presented along with lectures and use of graphs that parallel the chapter content. Unit 4 activities are planned as follows.

### **Schedule:**

- Day 1: Use the circular flow diagram to distinguish between factor markets and product markets. Have students complete activity 43 and discuss the answers. Use visual 4.1 to present a lecture on major ideas in the factor markets.
- Day 2: Use visual 4.2 to explain how many workers are hired under certain conditions in a firm that is perfectly competitive in the resource and factor markets. Use visual 4.3 to discuss how many workers a firm hires if it is perfectly competitive in the factor market but imperfectly competitive in the product market. Assign activity 44 as homework.
- Day 3: Discuss activity 44. Students will complete activity 45, and discuss the answers. Assign activity 46 as homework.
- Day 4: Discuss the answers to activity 46. Students will complete activity 47.
- Day 5: Discuss answers for activity 47. Review the basic concepts discussed thus far.
- Day 6: Use visual 4.4 to show how wages are determined in a competitive labor market for both the industry and the firm. Use visual 4.5 to show how wages are determined in a monopsonistic labor market. Have the students' complete activity 48 and discuss it.
- Day 7: Students complete activity 49 and discuss the answers.

- Day 8: Use visual 4.6 to introduce economic rent. Students will complete
- Day 9: Do activity 51 in class as review for the essay portion of the unit 4 exam.
- Day 10: Review key ideas of unit 4 for the multiple-choice portion of the exam.
- Day 11: Give the essay portion of the exam.
- Day 12: Give the multiple-choice portion of the exam.

## **UNIT 5: THE ROLE OF GOVERNMENT (1 WEEK)**

**Readings:** McConnell and Brue: Chapters 5 and 20.

Chapter 5 - Government and Market Failures. pp. 99-109.

### **Topics:**

- Public goods: demand for public goods; supply of public goods; optimal quantity of a public good; cost-benefit analysis
- Externalities: spillover costs; spillover benefits; individual bargaining: Coase Theorem; liability rules and lawsuits; government intervention; a market-based approach to spillover costs; society's optimal amount of externality reduction; recycling; global warming
- Information failures: inadequate information involving sellers; inadequate information involving buyers; qualification

**Readings:** Chapter 20 - Income Inequality, Poverty, and Discrimination. pp 410-424.

### **Topics:**

- Facts about income inequality: distribution of personal income by category; distribution of personal income by quintiles (fifths); the Lorenz Curve and

Gini Ratio; income mobility: the time dimension; effect of government redistribution

- Causes of income inequality: ability; education and training; discrimination; preferences and risks; unequal distribution of wealth; market power; luck, connections, and misfortune
- Trends in income inequality: causes of growing inequality
- Equality versus efficiency: The case for equality: maximizing total utility; the case for inequality: incentives and efficiency; the equality-efficiency tradeoff
- The economics of poverty: definition of poverty; incidence of poverty; poverty trends; the “invisible” poor
- The income-maintenance system: social insurance programs; public assistance programs
- Welfare: goals and conflicts: common features; conflicts among goals
- Welfare reform: temporary assistance to needy families; assessment of TANF
- Last word: US family wealth and its distribution

### **Activities and assessments**

The cycle of instruction is to first use the text to introduce the concepts. Students are assigned notes, outlines, graphs and their captions, and the vocabulary list for each chapter. Students are also assigned completion of four sections of each chapter’s study

guide: fill in the blanks, true - false, multiple choice, and problems. After the study guide for a chapter is turned in, the students get a multiple-choice quiz on the study guide. The day after the study guide and quiz have been completed the chapter notes are due. The students on that day will get a chapter test on content that will reinforce vocabulary definitions and understanding of tables and graphs. Once these have been accomplished, the students are ready for lectures on chapter content and activities that will reinforce the understanding.

**Unit 5** activities come from the Advanced Placement Economics supplemental materials of the National Council on Economic Education. These activities are presented along with lectures and use of graphs that parallel the chapter content. Unit 5 activities are planned as follows.

**Schedule:**

- Day 1: Lecture on economic role of government, using visual 5.1. Lecture on public goods. Have the students' complete activity 52 and discuss it.
- Day 2: The students will complete activity 53 in class and discuss it. Externalities will be covered using visuals 5.2 and 5.3.
- Day 3: Students will accomplish activity 54 and discuss it.
- Day 4: Explain the Coase Theorem. The students will complete activity 55 and discuss it. Review marginal analysis. Assign activity 56 as homework.
- Day 5: Discuss the answers to activity 56. Discuss information costs with an emphasis on the importance of marginal analysis in making cost-benefit decisions. The students will complete activity 57 in class and discuss it. Lecture and discuss on reasons why markets fail and how government can correct these failures.
- Day 6: Use visual 5.4 to explain why government fails. The students will work in groups to solve activity 58.
- Day 7: Students will report on findings regarding activity 58 and discuss the answers. Lecture on progressive, proportional, and regressive taxes.
- Day 8: The students will complete activity 59 in class and discuss it. Explain the equity versus efficiency issue. Discuss government tax policies and their effect on the distribution of income.
- Day 9: The students will do activity 60 in class and discuss it. Review for the unit 5 exam with its key ideas.
- Day 10: Give the multiple-choice test.

- Day 11: Give the essay portion of the exam.

## **UNIT 6: AP REVIEW AND SELECTED TOPICS (1 WEEK)**

Final dates TBA.

In-class exercise: AP released exam multiple choice with immediate discussion and feedback regarding “why this answer?” This will establish a diagnostic baseline for ongoing AP exam review.

75 Question released M/C Free Response essay Selected Topics

### **TEACHING STRATEGIES**

This is a large lecture course and, as such, the teaching strategies used focus on giving students opportunities to analyze and respond in class, to write mini-essays of 50 words or so reacting to provocative statements, and to do short role-play simulations.

Instructions are given throughout the course on the following:

- Essay organization diagram for free-response questions
- Essay tasks for AP Exam free-response questions
- List of directive terms used in free-response questions
- Reminders for answering timed essay questions
- Essay frame
- Generic free-response scoring guidelines
- Generic core-structure scoring guidelines
- Guidelines for responding to a graphing questions

## **STUDENT EVALUATION**

Quizzes are given on the reading assignments. Occasional outside-of-class assignments may also count as daily grades.

Test formats are objective (multiple choice) and free-response questions (called essay tests in the Course Syllabus)

Most objective tests consist of 50 to 75 multiple-choice questions and a 35-minute essay question, and are timed to approximate the time allowed on the AP Exam.

Homework is accepted before students begin to take the unit exam. The homework consists of unit terms and/or outlines; questions about readings, notations, and/or assigned primary and secondary sources; charts that pertain to the unit (e.g.,

characteristics, similarities, and differences between economic theories, governmental policies, etc.) and applicable graphic data. Well-completed terms and course themes demonstrate a student's effort and most students find this to be indispensable in maintaining a high grade point average.

The unit exams are a requirement of the Microeconomics course. A final semester comprehensive exam for all material covered will be given at the end of the term.

The final exam is a performance-based evaluation that helps students synthesize their learning from the semester. It consists of a variety of written exercises and cooperative group activities that also help students prepare for the AP Microeconomic Exam.

The AP Microeconomic Exam is comprehensive, covering material from the entire semester. Students who are enrolled in the AP Microeconomic course are expected to take the AP Microeconomic Exam. Class time and after school reviews are held prior to the AP Exam. In addition, many students participate in informal study group review sessions.