# AP MICROECONOMICS Mr. Hartman

1st Semester 2017-18 email: dhartman@hinsdale86.org

**Description:** AP Microeconomics is designed to replicate the introductory microeconomics course taught in a university setting. As such, the course requires far more effort and commitment from you than the typical high school course. The semester course gives you an understanding of the principles that drive individual decision-makers, both consumers and producers, within larger economic systems. It places an emphasis on the features and operations of product markets. It also examines factor markets and the government’s role in promoting efficiency and equity in the economy.

The course will be conducted in a lecture/seminar manner supported by daily readings, current events, and student activities.

Advanced Placement students pride themselves on their maturity. Each of you will need to manage yourself in a professional way. Remember, it is you who bear the responsibility for your success, so you *must* seek out answers to your questions.

**AP Microeconomics Content Areas:**

1. **Basic Economic Concepts** – consumer choice, opportunity cost, economic systems, circular flow (8-14% of AP Micro multiple-choice)
2. **Functions of the Product Market** – supply and demand models, marginal analysis, (10-18%)
3. **Firm Production** – production and cost, pricing, firm behavior and market structures (40-50%)
4. **Factor Markets** – labor market, firms hiring of labor, comparative advantage (10-18%)
5. **Government and Market Failures –** externalities, public goods, taxation (12-18%)
6. **Issues and Policies –** agriculture, income inequality, health care, immigration

**Required Materials:**

* McConnell, Brue and Flynn. (2015). Microeconomics. 20th Edition. McGraw-Hill.
* Stone. (2012). AP Microeconomics: Student Resource Manual. 4th Edition. CEE.
* Student ID and password to access course SharePoint site

**Grading System:**

**A** = 100-90 **B** = 89-80 **C** = 79-70 **D** = 69-60 **F** = 59 and below

There will be four tests during the semester, each worth 100 points. Examples of other graded assignments include QOD, Student Resource Manual activities, video and article critiques, and quizzes.

**Expectations:**

1. Character Counts!SM

2. Be on time and be prepared.

3. Complete and turn in all assignments on time.

4. Take responsibility for your attendance, behavior and performance.

5. Take the AP Microeconomics exam on May 13th.

**Food or beverages (except bottled water) are NOT permitted in the classroom. Thank you.**

# ADVANCED PLACEMENT MICROECONOMICS

Test and Quiz Schedule – 1st Semester 2017-18

Test and Quizzes:

Quiz - Unit I – August 25th

Test - Unit II – September 12th

Test - Unit III (Ch. 9, 10, 11) – September 28th

Quiz - Unit III (Monopoly, Ch. 12) – October 12th

Test - Unit III (Ch. 13) – October 26th

Test - Unit IV – November 9th

Quiz - Unit V – November 21st

Quiz - Unit VI – December 7th

**Unit I: Intro to Economics - Ch. 1, 2**

**Chapter 1: Limits Alternatives and Consumer Choice**

**Chapter 2: The Market System and the Circular Flow**

**Quiz Friday, August 25th**

**Unit II: Supply and Demand - Ch. 3, 6, 7**

**Chapter 3: Demand, Supply, and Market Equilibrium**

**Chapter 6: Elasticity**

**Chapter 7: Utility Maximization**

**Test Tuesday, September 12th**

**Unit III: Business and Firm Theory - Ch. 9, 10, 11, 12, 13**

**Chapter 9: Businesses and the Coasts of Production**

**Chapter 10: Pure Competition in the Short Run**

**Chapter 11: Pure Competition in the Long Run**

**Chapter 12: Pure Monopoly**

**Chapter 13: Monopolistic Competition and Oligopoly**

**Test Ch. 9, 10, 11 Thursday, September 28th**

**Quiz Ch. 12 Thursday, October 12th**

**Test Ch. 13 Thursday, October 26th**

**Unit IV: Factor Markets - Ch. 14, 15, 16**

**Chapter 14: The Demand for Resources/Capital and Labor Markets**

**Chapter 15: Wage Determination**

**Chapter 16: Rent, Interest, and Profits**

**Test Thursday, November 9th**

**Unit V: Market Failures - Ch. 4, 5**

**Chapter 4: Market Failures: Public Goods and Externalities**

**Chapter 5: Government’s Role and Government Failure**

**Quiz Tuesday, November 21st**

**Unit VI: International Economics – Ch. 24, 25**

**Chapter 24: International Trade**

**Chapter 25: The Balance of Payments, Exchange Rates, and Trade Deficits**

**Quiz Thursday, December 7th**

**A.P. Microeconomics Unit Plans**

**Unit I: Intro to Economics - Ch. 1, 2**

**Chapter 1: Limits Alternatives and Consumer Choice**

**Chapter 2: The Market System and the Circular Flow**

**Quiz Friday, August 25th**

Thu, Aug 17th

Syllabus – check Splash Page?

* Classroom expectations, course outline, daily planner

Define Economics and Economic Perspective

Incentives

* seatbelts/daycare/blood donors (moral vs economic)

HW: read McConnell pgs. 4-20 for Friday

Fri, Aug 18th

Starter: Free lunch?

Nature of Economics - powerpt

Scarcity and Consumer Choice – powerpt

Complete Stone pgs. 7-9 in class, review answers

Mon, Aug 21st

Starter: Why So Many People Don’t Vote

* graph with short discussion and sharing of answers

Scarcity/Consumer Choice/Opportunity Cost/Trade-offs – powerpt

Complete Stone pgs. 10-13 in class, review answers

Answer Stone pg. 53 - #1-3 and pg. 55 - #12-15

HW: read McConnell pgs. 31-47 for Tuesday

Tue, Aug 22nd

Starter: Article review - Passion or Paycheck

Recap: Characteristics of Market and Command economies

Basic Economic Questions, pg. 37 McConnell

* Adam Smith and laizze faire

Problem Set – Ch. 1 – MC Questions

Wed, Aug 23rd

Starter: One sentence, explain “invisible hand”

Circular Flow – powerpt

Basic Concepts – Problem Set – Unit I

Complete Stone pgs. 47-48

Thu, Aug 24th

Review Problem Set and Stone Pages

Fri, Aug 25th

Unit I – Quiz

- 30 MC with one or two Short Answer questions

HW: read McConnell pgs. 53-58 and complete Stone pgs. 23-26 for Mon

Unit II: **Supply and Demand - Ch. 3, 6**, 7

**Chapter 3: Demand, Supply, and Market Equilibirum**

**Chapter 6: Elasticity**

**Chapter 7: Utility Maximization**

**Test Tuesday, Sep 12th**

Mon, Aug 28th

Starter: Willingness to pay and Diminishing Marginal Utility

Intro to Law of Demand - Supply and Demand powerpt

* Determinants of Demand

Tue, Aug 29th

Starter: Review Unit I - Test

Review Determinants of Demand – Supply and Demand powerpt

Review answers to Stone pgs. 23-26

Complete Stone pgs. 29-30

HW: read McConnell pgs. 59-70 for Wednesday

Wed, Aug 30th

Starter: Income Effect

Intro to Supply – Supply and Demand powerpt

* Determinants of Supply

Complete Stone pgs. 31-34

Thu, Aug 31st

Starter: Ticket Scalping

* Articles on secondary markets

Complete Stone pgs. 37-38

Market Equilibrium – Supply and Demand powerpt

* Group activity graphing changes in S & D

Complete Stone pgs. 39-42 and 43

HW: read McConnell pgs. 75-80 and 134-140 for Friday

Fri, Aug 25th

Starter: Social Costs of Taxing Cigarettes?

Identify Consumer Surplus, powerpt

* Total and Marginal Utility

Complete Stone pgs. 69-74

Tue, Sep 5th

Starter: Changes in Equilibrium

Elasticity of Demand, powerpt

* Review Stone pgs. 77-79

Revenue and Elasticity of Demand, powerpt

Complete Stone pgs. 80-82 and 91-92

HW: read McConnell pgs. 141-148 for Wednesday

Wed, Sep 6th

Starter: Total vs Marginal

Determinants of Elasticity of Demand, powerpt

Types of Elasticity: Income, Cross, and Supply

Complete Stone pgs. 83-89

Thu, Sep 7th

Starter: Elasticity and Revenue

Review answers to Stone pgs. 83-89

Price Ceilings and Floors, powerpt

Complete Stone pg. 99-100

HW: read McConnell pgs. 153-157 for Friday

Fri, Sep 8th

Starter: Government and the Market (Stossel video clip)

Theory of Consumer Behavior and Utility Maximization – AP FRQ

Stone pgs. 107-110 – MC practice

Starter: Supply and Demand – Problem Set

HW: read McConnell pgs. 158-162 for Monday

Mon, Sep 11th

Review Problem Set and Stone Pages

Tue, Sep 12th

Unit II – Test

* 40 MC questions and 2 Short Answer/Graphing questions

HW: read McConnell pgs. 197-199 for Wednesday

**Unit III: Business and Firm Theory - Ch. 9, 10, 11, 12, 13**

**Chapter 9: Businesses and the Coasts of Production**

**Chapter 10: Pure Competition in the Short Run**

**Chapter 11: Pure Competition in the Long Run**

**Chapter 12: Pure Monopoly**

**Chapter 13: Monopolistic Competition and Oligopoly**

**Test Ch. 9, 10, 11 Thursday, September 28th**

**Quiz Ch. 12 Thursday, October 12th**

**Test Ch. 13 Thursday, October 26th**

Tue, Sept 12th

Unit II – Test

* 40 MC questions and 2 Short Answer/Graphing questions

HW: read McConnell pgs. 197-199 for Wednesday

Wed, Sep 13th

Economic Principles in the News

Market Structures, powerpt

HW: read McConnell pgs. 200-208 for Thursday

Thu, Sep 14th

Review Unit II Test

Costs of Production, powerpt

* economic costs and profits

Complete Stone pgs. 127

Law of Diminishing Returns - Review

Fri, Sep 15th

Starter: Accouting profit vs Economic profit

Complete Stone pgs.117-121

Costs of Production, powerpt

* Production Function
* Measures of Costs

Mon, Sep 18th

Starter: Production Function

Costs of Production, powerpt

* Cost Curves (MC, ATC, AVC)

Complete Stone pgs. 128-133

HW: read McConnell pgs. 209-216 for Tuesday

Tue, Sep 19th

Starter: Fixed and Variable Costs

Long-run Production Costs

Complete Stone pgs. 135-138 in class

Wed, Sep 20th

Starter: Economies of Scale

Pure Competition, powerpt

* Intro to PC: Revenue and Profit Maximization

Complete Stone pgs. 139-143

HW: read McConnell pgs. 220-226 for Thursday

Thu, Sep 21st

Pure Competition, powerpt

* Shut Down and Exit

Complete Unit III – Problem Set – Production Costs

Fri, Sep 22nd

Review answers Unit III – Problem Set – Production Costs

Complete Stone pgs. 145-155 for Tuesday

* Profit Max by a Perfectly Comp Firm

HW: read McConnell pgs. 227-235 for Monday

Mon, Sep 25th

Starter: Review answer to Stone pgs. 145-155

Pure Competition, powerpt

* changes in Supply and Demand and Long-Run Eq

Complete Stone pgs. 167-169

HW: read McConnell pgs. 239-251 for Tuesday

Tue, Sep 26th

Starter: Review Stone pgs. 167-169

Complete Unit III – Problem Set – Pure Competition

Complete Stone pgs. 171-174

HW: read McConnell pgs. 239-251 for Tuesday

Wed, Sep 27th

Starter: What if MC and ATC shift for the firm?

PC Review: Stone pgs. 213-215, #1-15

HW: read McConnell pgs. 239-251 for Thursday

Thu, Sep 28th

Unit III (Part One) – Test

* 35 MC (70 pts)
* 2 or 3 FR (30 pts)

Fri, Sep 29th

Starter: Examples of Monopolies

Compare PC to a Monopoly

Monopoly, powerpt

* Demand Curve of a Monopoly

HW: read McConnell pgs. 254-263 for Tuesday

Mon, Oct 2nd

Starter: Review Unit III - Test

Monopoly, powerpt

* Profit Max for a Monopoly
* Profit vs Loss for a Monopoly

Complete Stone pgs. 179-181

HW: read McConnell pgs. 254-263 for Tuesday

Tue, Oct 3rd

Starter: Define natural monopoly.

Monopoly, powerpt

* P, Q, Profit, Loss for a Monopoly

Complete Stone pgs. 183-185

Wed, Oct 4th

Starter: Draw D, MR, and MC curves for a monopoly

Monopoly, powerpt

* Welfare costs and Deadweight loss
* Price discrimination

Complete Stone pgs. 187-191

HW: read McConnell pgs. 263-273 for Thursday

Thu, Oct 5th

Starter: Graph Deadweight loss

Review Stone pgs. 187-191

* Monopolies and Consumer Surplus

Fri, Oct 6th

Monopoly, powerpt

* Public Policy towards monopolies

Complete Stone pgs. 193-195

Complete Unit III – Problem Set – Monopoly

Tue, Oct 10th

Starter: Stone pgs. 197-199

Complete Unit III – Problem Set – Monopoly Graph

HW: Finish Problem Set

Wed, Oct 11th

Complete Stone pgs. 216-218, #19-33

Misc Monopoly

* X-Efficiency, etc

HW: review chapter 12 for quiz

Thu, Oct 12th

Monopoly Quiz (Chapter 12)

* 20 MC (40 pts)
* 1 or 2 SA (10 pts)

HW: read McConnell pgs. 278-285 for Friday

Fri, Oct 13th

Monopolistic Comp, powerpt

* short-run and long-run analysis

Soda Pop – video (http://www.youtube.com/watch?v=gPbh6Ru7VVM)

Mon, Oct 16th

Starter: How does a Mono Comp differ from PC and Mono

Complete Stone pgs. 201-205

Monopolistic Comp, powerpt

* mark up, welfare, and efficiency

HW: read McConnell pgs. 278-285 for Tuesday

Tue, Oct 17th

Starter: Monopolistic competition is monopolistic up to the point.

Review Mono Comp – short run vs long run

HW: read McConnell pgs. 286-299 for Wednesday

Wed, Oct 18th

Starter: Complete Stone Pgs. 201-205

Oligopoly, powerpt

* market characteristics, collusion, duopoly

Thu, Oct 19th

Oligopoly, powerpt

* Game Theory and Prisoner’s Dilemma

HW: read McConnell pgs. 286-299 for Friday

Fri, Oct 20th

Starter: Complete Stone pgs. 207-212

Oligopoly, powerpt

* Nash equilibrium and Game Theory
* Game Shows and Game Theory (short videos)
  + Golden Balls (Game Theory and Weirdest Split)

Mon, Oct 23rd

Oligopoly and Advertising (productive vs allocative efficiency)

Complete Unit III – Problem Set – Monopoly Comp and Oligopoly

HW: complete Stone and Problem Set

Tue, Oct 24th

Starter: Oligopoly and Game Theory

Game Shows and Game Theory (short videos)

* Take or Split (Shocking Move and A Huge Decision)
* Students create payoff matrix

HW: prepare for Unit III – Test

Wed, Oct 25th

Starter: Review Prisoner’s Dilemma with practice problems

Complete 2009 AP Micro FRQ

HW: prepare for Unit III - Test

Group Graphing Activity – imperfect market structures

Complete Stone pg. 115 and 202

HW: prepare for Unit III – Test

Thu, Oct 26th

Unit III (Part Two) – Test (40 MC and 2 FR)

**Unit IV: Factor Markets - Ch. 14, 15, 16**

**Chapter 14: The Demand for Resources in Capital and Labor Markets**

**Chapter 15: Wage Determination**

**Chapter 16: Rent, Interest, and Profits**

**Test Thursday, November 9th**

Mon, Oct 30th

Review Unit III - Test

Unemployment and the Labor Market

Demand for Resources and the Capital Market, powerpt

* Derived Demand

HW: read McConnell pgs. 312-326 for Tuesday

Tue, Oct 31st

Starter: review Diminishing Marginal Returns

Demand for Resources in the Capital Market, powerpt

* Value of Marginal product
* Determinants of Resource Demand
* Shifts in Supply and Demand

Complete Stone Pgs. 227-233

Wed, Nov 1st

Starter: Marginal Revenue Product

Wage Determination in the Labor Market, powerpt

* Compensating Differentials
* Labor Market Imperfections

Thu, Nov 2nd

Starter: Wage Determination

Market Imperfections and Wage Determination, powerpt

* Monopsony and Union influence on wages
* Shifts in Supply and Demand of Labor

Complete Stone pgs. 239-241

Complete Stone pgs. 253-257

HW: read McConnell pgs. 330-341 for Friday

Fri, Nov 3rd

Starter: Market Imperfections

Specialization: Comparative and Absolute Advantage

Complete Stone pgs. 15-22

HW: read McConnell pgs. 341-348 for Monday

Mon, Nov 6th

Big Mac: Inside McDonald’s Empire (CNBC)

* video and questions to answer

Tue, Nov 7th

Wage Determination, powerpt

* Wage discrimination and Pay for Performance

Rent, Interest and Loanable Funds, power pt

* Least-Cost Combination of Resources

Complete Stone pgs. 235-237

Complete Stone pgs. 249-252

HW: read McConnell pgs. 361 and 364-366 or Wednesday

Wed, Nov 8th

Labor Market Review

* Supply and Demand, Specialization, Unions

Complete Stone pgs. 263-267

Unit IV – Factor Market Problem Set

Thu, Nov 9th

Unit IV – Test

* MC (70-80 pts)
* FR (20-30 pts)

**Unit V: Market Failures - Ch. 4, 5**

**Chapter 4: Market Failures: Public Goods and Externalities**

**Chapter 5: Government’s Role and Government Failure**

**Quiz Tuesday, November 21st**

Fri, Nov 10th

Review Unit IV Test

Public Goods, powert

* free-rider problem
* examples of public goods

HW: read McConnell pgs. 83-96 for Monday

Mon, Nov 13th

Starter: Reallocating Resources

Public, Goods, powert

Complete Stone pgs. 273-275 in class

Tue, Nov 14th

Starter: Market reaction to externalities

Externalities, powerpt

* negative and positive externalities

Complete Stone pgs. 101-102

HW: read McConnell pgs. 96-103 for Wednesday

Wed, Nov 15th

Externalities, powerpt

* graphing exercises

Complete Stone pgs. 277-285 in class

Informed decision making

* Asymmetric Information

Thu, Nov 16th

Starter: Complete Stone pgs. 287-288

The Tax System, powerpt

* tax principles
* types of taxes

Complete Stone pgs. 293-294

HW: read McConnell pgs. 96-103 for Friday

Fri, Nov 17th

The Tax System, powerpt

* taxes and equity (Lorenz Curve)
* taxes and supply and demand

Complete Stone pgs. 299-301

HW: read McConnell pgs. 112-123 for Wednesday

Mon, Nov 20th

AP Problem Set – Externalities

Complete Morton Pgs. 303-306

HW: study for quiz

Tue, Nov 21st

Unit V – Quiz

* 20 MC (40 pts)
* 1 SA (10 pts)

**Unit VI: International Economics – Ch. 24, 25**

**Chapter 24: International Trade**

**Chapter 25: The Balance of Payments, Exchange Rates, and Trade Deficits**

**Quiz Thursday December 7th**

Mon, Nov 27th

Starter: Stone Unit Review

Review Unit V Test

Tue, Nov 28th

Intro to International Trade, powerpt

* exports and imports
* importance of trade

HW: read McConnell pgs. 98-105 for Wednesday

Wed, Nov 29th

Importance of Exports and Imports

* Trade balance
* comparative and absolute advantage revisited

Thu, Nov 30th

International Trade, powerpt

* specialization and David Ricardo
* practice problem sets and Stone pg. 39

HW: read McConnell pgs. 474-479, 483-489, 500-504

Fri, Dec 1st

International Trade Short Answer

Mon, Dec 4th

Starter: Explain importance of Comparative Adv.

International Trade, powerpt

* Free Trade vs Restrictions

HW: read pgs. 474-479, 483-489, 500-504

Tue, Dec 5th

Starter: Free Trade vs. Fair Trade

Trade and Foreign Currencies Powerpoint

* Foreign exchange markets and exchange rates

Wed, Dec 6th

Trade and Foreign Currencies Powerpoint

* Relationship of demand for goods and demand for currency
* Graph exercises and analysis

HW: study of Unit VI Quiz

Thu, Dec 7th

Unit VI – Quiz (50 pts)

* MC

Fri, Dec 8th

Make-up Quizzes

Review Unit VI Quiz

Wed, May 4th

AP Micro Multiple Choice – 2005/2010

AP Micro Free Response – 2005

* Review answers to questions

Thu, May 5th

Make-up Quizzes

AP Micro Multiple Choice – 2005/2010

AP Micro Free Response – 2009

* Review answers to questions

Fri, May 6th

AP Micro Multiple Choice – 2005/2010

AP Micro Free Response – 2011

* Review answers to questions

Mon, May 9th

AP Micro Multiple Choice – 2005/2010

AP Micro Free Response – 2012

* Review answers to questions

Tue, May 10th

AP Micro Multiple Choice – 2005/2010

Misc Economic Principles/Theories

* Nash, Laffer, Lorenz, Cap & Trade, Herfindahl Index