

# Advanced Placement Microeconomics

## Course Description

This course is governed by the AP College Board. Individual teachers are required to have approval of syllabus and course materials by the College Board prior to offering the course.

The purpose of an AP course in 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 economic system. This course 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.

## Course Code:

## Program(s) of Study to which This Course Applies

- Finance

Course Framework	Reference Standards	Academic Crosswalk
<b>Standard 1. Students will understand basic economic concepts.</b>	College Board for AP Microeconomics	[TBD by NDE]
Benchmark 1.1 Summarize scarcity, choice, and opportunity costs. Benchmark 1.2 Create and illustrate production possibilities curves. Benchmark 1.3 Distinguish between comparative advantage and absolute advantage. Benchmark 1.4 Differentiate between economic systems. Benchmark 1.5 Describe the importance of property rights and the role of incentives. Benchmark 1.6 Interpret information using marginal analysis.	College Board for AP Microeconomics	[TBD by NDE]
<b>Standard 2. Students will understand the nature and functions of product markets.</b>	College Board for AP Microeconomics	
Benchmark 2.1 Illustrate the intricacies of supply and demand, market equilibrium,	College Board for AP	



determinants of supply and demand, price and quantity controls, consumer surplus, producer surplus, market efficiency, tax incidence, and deadweight loss.	Microeconomics	
Benchmark 2.2 Apply the coefficient of elasticity to estimate impact on price and demand and understand income elasticity of demand, cross-price elasticity of demand, and price of elasticity of supply.	College Board for AP Microeconomics	
Benchmark 2.3 Conceptualize the theory of consumer choice including total utility and marginal utility, utility maximization: equalizing marginal utility per dollar, individual and market demand curves, and income and substitution effects.	College Board for AP Microeconomics	
Benchmark 2.4 Interpret and calculate production functions (short and long run), marginal product and diminishing returns, short-run costs, long-run costs and economics of scale, and cost minimizing input combination.	College Board for AP Microeconomics	
Benchmark 2.5 Demonstrate an understanding of profit including accounting versus economic profits, normal profit, and profit maximization (MR=MC rule).	College Board for AP Microeconomics	
Benchmark 2.6 Demonstrate an understanding of perfect competition including profit maximization, short-run supply and shut down decision, behavior of firms in markets in the short run and in the long run, and efficiency in perfect competition.	College Board for AP Microeconomics	
Benchmark 2.7 Demonstrate an understanding of monopoly including sources of market power, profit maximization, inefficiency of monopoly, price discrimination, and natural monopoly.	College Board for AP Microeconomics	
Benchmark 2.8 Demonstrate an understanding of oligopoly including interdependence, collusion and cartels, game theory, and strategic behavior.	College Board for AP Microeconomics	
Benchmark 2.9 Demonstrate an understanding of monopolistic competition including product differentiation and role of advertising, profit maximization, short run and long run equilibrium, excess capacity, and inefficiency.	College Board for AP Microeconomics	
<b>Standard 3. Students will understand factor markets.</b>	College Board for AP Microeconomics	
Benchmark 3.1 Demonstrate an understanding of derived factor demand.	College Board for AP Microeconomics	
Benchmark 3.2 Calculate marginal revenue product.	College Board for AP Microeconomics	



Benchmark 3.3 Examine labor market and firms' decision-making in hiring.	College Board for AP Microeconomics	
Benchmark 3.4 Identify market distribution of income.	College Board for AP Microeconomics	
<b>Standard 4. Students will understand market failure and the role of government.</b>	College Board for AP Microeconomics	
Benchmark 4.1 Demonstrate an understanding of externalities including marginal social benefit and marginal social cost, positive externalities, negative externalities, and remedies.	College Board for AP Microeconomics	
Benchmark 4.2 Define public goods, differentiate public goods versus private goods, and understand the provision of public goods.	College Board for AP Microeconomics	
Benchmark 4.3 Identify public policies to promote competition including antitrust policy and regulations.	College Board for AP Microeconomics	
Benchmark 4.4 Reflect and report on income distribution considering equity and sources of income inequality.	College Board for AP Microeconomics	

*Reference Standards Sources*

- College Board AP Economics Course Description, <http://apcentral.collegeboard.com>

*Contributors*

**Secondary:** Melissa Schram – Millard West, Carol Andringa – Lincoln Public Schools

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## Other Information

Suggestions for innovative teaching and learning strategies:	<ul style="list-style-type: none"><li>• College Board/AP Economics homepage <a href="http://apcentral.collegeboard.com">http://apcentral.collegeboard.com</a></li><li>• <i>Advanced Placement Economics Teacher Resource Manual</i> from Council on Economic Education or <i>Nebraska Council on Economic Education</i></li><li>• <a href="http://www.nebraskacouncil.org">www.nebraskacouncil.org</a></li></ul>
Related assessments:	<ul style="list-style-type: none"><li>• AP Exam</li></ul>
Extended learning opportunities:	<ul style="list-style-type: none"><li>• <a href="http://apcentral.collegeboard.com">http://apcentral.collegeboard.com</a></li><li>• FBLA</li><li>• DECA</li><li>• Academic Decathlons</li></ul>