

“The Dismal Science”

– Thomas Carlyle

Scottish essayist, satirist and historian (1795-1881)

**W**elcome to our Economics class! It is my honor to be with you this semester and I want you to know that I take my job here very seriously. I will expect you to take your job just as seriously while we are together.

**Guidelines and Expectations**

This classroom is like a second home for me. As such, I need to feel comfortable and respected in order to do my job (teach) most effectively. I also understand that each of you needs to feel the same way in order to do your job (learn) most effectively. To simplify things, I have organized our class according to three **guiding principles**:

- **Respect** – Always show respect for yourself, your peers, your teachers, your school, and your community.
- **Honesty** – Always act in a truthful manner.
- **Preparedness** – Be ready to work hard and participate in class. Be professional.

**Course Objectives and Rationale**

Many of the events that shape our lives are motivated by economics. It is my firm belief that we cannot fully understand where we are and where we are headed unless we can begin to understand fundamental principles of economics. Our curriculum (textbook, worksheets, lectures, learning activities, etc.) is designed to help each of us in this quest for understanding.

This course will study microeconomic concepts, applying tools (graphs, statistics, equations) from other subject areas to the understanding of operations and institutions of economic systems. Students will understand common economic terms and concepts and economic reasoning and will analyze the elements of the United States market economy in a global setting.

**Grading**

Your **grade** will be based on **effort** and **achievement** per unit and will be broken down (approximately) as follows:

<b>Grade Breakdown</b>		<b>Grading Scale</b>	
50%	Chapter/Unit Tests/Final Exam*	93% - 100% = A	73% - 76% = C
30%	Problem Sets	90% - 92% = A-	70% - 72% = C-
10%	Timed Free Response	87% - 89% = B+	67% - 69% = D+
5%	Classwork	83% - 86% = B	63% - 66% = D
5%	Homework	80% - 82% = B-	60% - 62% = D-
		77% - 79% = C+	Below 60% = F

\*Final Exam is worth approximately 15%

## The Syllabus as Outlined by the College Board

As the purpose of this course is to prepare each student for successful completion of the AP Microeconomics exam next May, I have aligned our syllabus to that of the course outline provided by the College Board. The percentages of the test dedicated to each unit will correlate roughly to the amount of time we spend in class on that unit:

- I. Unit 1: Basic Economic Concepts . . . . . (8–14% of the AP Exam/2 weeks of our semester)
- A. Scarcity, choice, and opportunity cost
  - B. Production possibilities curve
  - C. Comparative advantage, absolute advantage, specialization, and trade
  - D. Economic systems
  - E. Property rights and the role of incentives
  - F. Marginal analysis

Textbook Chapters:

- Chapter 1: The Nature and Method of Economics
- Chapter 2: The Economizing Problem
- Chapter 37: International Trade

Activities and projects: creating production possibilities curves, circular flow posters, marginal analysis practice  
Assessed through chapter quizzes; unit 1 test; timed multiple choice and free response; problem set #1

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- II. Unit 2: The Nature and Functions of Product Markets (20–30% of the AP Exam/3-4 weeks of our semester)

- A. Supply and demand (15–20% of the AP Exam/2 weeks of our semester)
  - 1. Market equilibrium
  - 2. Determinants of supply and demand
  - 3. Price and quantity controls
  - 4. Elasticity
    - a. Price, income, and cross-price elasticities of demand
    - b. Price elasticity of supply
  - 5. Consumer surplus, producer surplus, and market efficiency
  - 6. Tax incidence and deadweight loss
- B. Theory of consumer choice (5–10% of the AP Exam/1 week of our semester)
  - 1. Total utility and marginal utility
  - 2. Utility maximization: equalizing marginal utility per dollar
  - 3. Individual and market demand curves
  - 4. Income and substitution effects

Textbook Chapters

- Chapter 3: Individual Markets: Demand and Supply
- Chapter 20: Supply and Demand: Elasticities and Government-Set Prices
- Chapter 21: Consumer Behavior and Utility Maximization

Activities and projects: market simulation (The Pearl Market), graphing exercises, elasticity practice, welfare analysis, utility practice

Assessed through chapter quizzes; unit 2 test; timed multiple choice and free response; problem set #2

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- \*\*III. Unit 3: Firm Production, Costs, and Market Structures (35–50% of the AP Exam/6-7 weeks of our semester)

- A. Production and costs (10–15% of the AP Exam/2 weeks of our semester)
  - 1. Production functions: short and long run
  - 2. Marginal product and diminishing returns
  - 3. Short-run costs
  - 4. Long-run costs and economies of scale
  - 5. Cost minimizing input combination
- B. Firm behavior and market structure (25–35% of the AP Exam/4-5 weeks of our semester)
  - 1. Profit:
    - a. Accounting versus economic profits
    - b. Normal profit
    - c. Profit maximization:  $MR=MC$  rule
  - 2. Perfect competition
    - a. Profit maximization
    - b. Short-run supply and shutdown decision
    - c. Behavior of firms and markets in the short run and in the long run
    - d. Efficiency and perfect competition

Our third unit covers the College Board's Unit 3 A 1-5 and B 1-2 only. (Production Costs through Perfect Competition)

\*\*The College Board's Unit 3 will be broken into 2 more manageable units

**Mr. Cromie | Room 101 | AP Microeconomics | Fall Semester 2011-2012**

- 3. Monopoly
  - a. Sources of market power
  - b. Profit maximization
  - c. Inefficiency of monopoly
  - d. Price discrimination
  - e. Natural monopoly
- 4. Oligopoly
  - a. Interdependence, collusion, and cartels
  - b. Game theory and strategic behavior
- 5. Monopolistic competition
  - a. Product differentiation and role of advertising
  - b. Profit maximization
  - c. Short-run and long-run equilibrium
  - d. Excess capacity and inefficiency

Our fourth unit covers the rest of the College Board's Unit 3 B 3-5. (Imperfect Competition)

Textbook Chapters:

- Chapter 22: The Costs of Production
- Chapter 23: Pure Competition
- Chapter 24: Pure Monopoly
- Chapter 25: Monopolistic Competition and Oligopoly

Activities and projects: graphing costs ATC, AVC and MC, market structure comparisons, LOTS of graphing Assessed through chapter quizzes; unit 3 test; timed multiple choice and free response; problem sets #3 & #4

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IV. Unit 4: Factor Markets . . . . . (10–18% of the AP Exam/3-4 weeks of our semester)

- A. Derived factor demand
- B. Marginal revenue product
- C. Labor market and firms' hiring of labor
- D. Market distribution of income

Our fifth unit covers the College Board's Unit 4

Textbook Chapters:

- Chapter 27: The Demand for Resources
- Chapter 28: Wage Determination
- Chapter 29: Rent, Interest, and Profit

Activities and projects: calculating marginal revenue product, problem set #4 Assessed through chapter quizzes; unit 4 test (timed multiple choice and free response)

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V. Unit 5: Market Failure and the Role of Government. . . (12–18% of the AP Exam/2-3 weeks of our semester)

- A. Externalities
  - 1. Marginal social benefit and marginal social cost
  - 2. Positive externalities
  - 3. Negative externalities
  - 4. Remedies
- B. Public goods
  - 1. Public versus private goods
  - 2. Provision of public goods
- C. Public policy to promote competition
  - 1. Antitrust policy
  - 2. Regulation
- D. Income distribution
  - 1. Equity
  - 2. Sources of income inequality

Our sixth unit covers the College Board's Unit 5

Textbook Chapters:

- Chapter 30: Government and Market Failure
- Chapter 31: Public Choice Theory and the Economics of Taxation
- Chapter 32: Antitrust Policy and Regulation
- Chapter 33: Income Inequality and Poverty

Activities and projects: creation of local public goods, identifying externalities, evaluation of existing public policy Assessed through chapter quizzes; unit 5 test; timed multiple choice and free response; problem set #5

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## **Preparation for the AP Microeconomics Exam**

There are a great many resources at our disposal through the College Board in preparation for the exam. Our course will be highly correlated with the AP exam and we will take many AP-style free response and multiple choice tests created using released questions from previous AP Microeconomics tests. My goal is to have you feeling extremely prepared and confident at the end of the first semester, before handing you off to Mrs. Janes for AP Government.

We will also schedule review sessions during second semester as we get closer to the test date. We will plan to meet for a period of approximately 2 weeks in early May between the AP Government test and the AP Microeconomics test. During that time, we will review the course outline, take diagnostic practice tests, and focus our review on areas that we identify as needing our attention. Being that the course is scheduled for first semester and the test is in May, we must be efficient and keep in communication throughout the year.

In addition, I highly recommend the purchase of a supplemental AP prep book such as

- *5 Steps to a 5 AP Microeconomics and Macroeconomics* by Eric R. Dodge or
- *Kaplan AP Macroeconomics/Microeconomics* by Sangeeta Bishop, Christine Parrott, Chuck Martie, and Raymond Miller

Each of the above books contains multiple AP practice tests and explanations which, combined with the class practice tests, will aid you in your personal preparation for the test.

## **Textbook**

### ***Economics: Principles, Problems, and Policies 15<sup>th</sup> Edition***

by Campbell R. McConnell, Stanley L. Brue and Sean Flynn

From the publisher:

*McConnell and Brue's Economics: Principles, Problems, and Policies is the leading Principles of Economics textbook. It continues to be innovative while teaching students in a clear, unbiased way. The 15th Edition builds upon the tradition of leadership by sticking to 3 main goals: help the beginning student master the principles essential for understanding the economizing problem, specific economic issues, and the policy alternatives; help the student understand and apply the economic perspective and reason accurately and objectively about economic matters; and promote a lasting student interest in economics and the economy.*

## **Materials**

- An agenda planner and a three-ring binder with a specific section for economics
- Extra loose writing paper
- 3 writing utensils (can be pens, pencils & a sharpener, mechanical pencils, etc.)
- Optional but very helpful:* calculator, ruler and colored pencils

## **Communication**

I believe that communication between teachers, parents, and students is essential in making sure that we remain connected and working towards our common goals. Please feel free to contact me at anytime by phone **(805) 289-1826 ext. 2201**, email <**Michael.Cromie@venturausd.org**>, or by visiting **<http://www.MrCromie.net>**.

**Teacher** I will do my best to be fair and consistent in following the guidelines and policies for room 101.

**Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

By signing below, you agree to abide by the guidelines and policies of room 101. Grades will not be entered until this slip is signed and returned to me.

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**Student** I have read the classroom guidelines and expectations and understand them. I will honor them while in room 101.

**Signature** \_\_\_\_\_ **PRINTED:** \_\_\_\_\_ **Date:** \_\_\_\_\_