

AP Microeconomics Correlation

Topics	Pages
I. Basic Economic Concepts (8–14%)	
A. Scarcity, choice, and opportunity cost	5–7, 9–12, 14–15, 17–19, 85, 96, 157, 160, 166–171, 180, 181, 183
B. Production possibilities curve	12–13, 16–19, 576–577, 805
C. Comparative advantage, absolute advantage, specialization, and trade	19, 35–36, 212, 583, 841–846
D. Economic systems	32–40, 41–46
E. Property rights and the role of incentives	33–34, 40–42, 47, 102–103, 248–249, 393–397, 474, 503, 574, 575
F. Marginal analysis	5–7, 14, 15, 26, 65, 88–89, 92, 94–96, 159–158, 180–183, 206, 261–263, 269–271
II. The Nature and Function of Product Markets (55–70%)	
A. Supply and demand (15–20%)	
1. Market equilibrium	53–70
2. Determinants of supply and demand	56–62
3. Price and quantity controls	67–79, 286, 338, 398, 455, 457–459, 525, 526, 848, 851–861, 877, 878
4. Elasticity	
a) Price, income and cross-price elasticities of demand	134–151, 416–419, 451, 496, 497, 503
b) Price elasticity of supply	143–146, 416–419
5. Consumer surplus, producer surplus and market efficiency	85–91, 244–247
6. Tax incidence and deadweight loss	89–90, 416–423
B. Theory of consumer choice (5–10%)	
1. Total utility and marginal utility	55, 85, 127, 152–162, 166–171, 183
2. Utility maximization: equalizing marginal utility per dollar	156–159, 180–183
3. Individual and market demand curves	53–58, 96–98, 158
4. Income and substitution effects	55–59, 159–160
C. Production and costs (10–15%)	
1. Production functions: short and long run	199–210
2. Marginal product and diminishing returns	200–203, 206–209, 232–233
3. Short-run costs	202–208, 214
4. Long-run costs and economies of scale	208–215, 256, 272, 286–287, 517
5. Cost minimizing input combination	38, 39, 313, 322–324

D. Firm behavior and market structure (25–35%)	
1. Profit:	
a) Accounting vs. economic profits	197–199
b) Normal profit	197–198, 283
c) Profit maximization rule: MR = MC rule	226–235, 240–241, 244–245, 261–263, 270–271, 282–284, 293–294, 316, 323–324
2. Perfect competition	
a) Profit maximization	224–230
b) Short-run supply and shutdown decision	229–233
c) Behavior of firms and markets in the short and long run	220–235, 239–251
d) Efficiency and perfect competition	222, 226, 240, 244–247
3. Monopoly	
a) Sources of market power	255–257
b) Profit maximization	260–263, 270, 271
c) Inefficiency of monopoly	263–268, 429
d) Price discrimination	268–270, 434
e) Natural monopoly	256–257, 265–268, 270–271, 429, 435–438
4. Oligopoly	
a) Interdependence, collusion and cartels	221, 286–291, 293–295
b) Game theory and strategic behavior	289–296, 299, 304–307
5. Monopolistic competition	
a) Product differentiation and the role of advertising	279–280
b) Profit maximization	281–283
c) Short-run and long-run equilibrium	281–285
d) Excess capacity and inefficiency	284–285
III. Factor Markets (10–18%)	
A. Derived factor demand	313–320
B. Marginal revenue product	313–318, 333–337, 342
C. Labor market and firms' hiring of labor	314–316, 333–337
D. Market distribution of income	324–326
IV. Market Failure and the Role of Government (12–18%)	
A. Externalities	
1. Marginal social benefit and marginal social cost	88, 94–96, 100, 101
2. Positive externalities	97–98
3. Negative externalities	96–97
4. Remedies	98–102
B. Public goods	
1. Public vs. private goods	90–96
2. Provision of public goods	92–96
C. Public policy to promote competition	
1. Antitrust policy	429–435
2. Regulation	272, 273, 435–438, 440, 441
D. Income distribution	
1. Equity	324, 326, 422, 423, 466–469
2. Sources of income inequality	469–473, 480–485