03 Production and Costs

Content Area: **Social Studies**
Course(s): **AP Economics**
Time Period: **Semester 1**
Length: **2 weeks**
Status: **Published**

Standards

6.2.12.EconET.3.b	Compare the characteristics of capitalism, socialism, and communism to determine why each system emerged and its success in leading to economic growth and stability.
6.2.12.EconET.5.a	Compare and contrast free market capitalism and Western European democratic socialism with Soviet communism.
6.3.12.CivicsHR.1	Compare current case studies involving slavery, child labor, or other unfair labor practices in the United States with those of other nations and evaluate the extent to which these human rights violations are a universal problem.
6.3.12.EconGE.1	Participate in a simulated meeting (e.g., President's Council, World Bank, International Monetary Fund (IMF), research evidence from multiple sources about an economic problem (e.g., inflation, unemployment, deficit), and develop a plan of action.
	History, Culture, and Perspective: Historical Sourcing and Evidence

Enduring Understandings

1. Increasing resources in production does not increase output at a steady rate - there are diminishing returns.
2. Profit is earned by increasing revenues and/or reducing costs.
3. All economic decisions, including those of a firm, involve trade-offs, and understanding true costs (including opportunity costs) is essential for rational decision-making.
4. Understanding costs and profits is crucial for analyzing a firm's competitive position, predicting its behavior, and evaluating its overall economic performance.
5. Firms aim to maximize profit, and this goal drives their decisions regarding production, pricing, and resource allocation.

Essential Questions

1. How do basic economic concepts help explain real-world outcomes?
2. What are the nature and functions of markets?
3. What roles and impacts do governments have on an economy?
4. What is "profit," really? Is it just the money left over after expenses?
5. Why is understanding marginal cost so critical for a firm's production decisions?

Knowledge and Skills

Students will be able to.....

1. Graph and explain the production function and the law of diminishing returns
2. Distinguish between fixed costs and variable costs
3. Distinguish between marginal and average costs
4. Identify how the calculation of ATC in the long-term can help identify economies of scale
5. Define and explain the calculation of profit
6. Find the profit0maximizing level of output (MC=MR)

Transfer Goals

Students will be able to independently.....

1. Use economic concepts and approaches to affect their personal decision making and to help them make sense of the real world economy
2. Apply knowledge of costs structures to their personal business and decide future business strategy accordingly

Resources

Textbook:

Krugman's Economics for AP by University Paul Krugman (Adapter), Robin Wells (Adapter), Professor Margaret Ray (Author), David Anderson (Author).

Supplemental Readings/Sources:

ACDC Worksheets and PowerPoints

Articles from the Economist

Economics By Example Readings

FRQs and Practice Multiple Choice Questions

Review Book: 5 Steps to a 5

Ultimate Review Guide

Amsco Review Book

Additional Resources from WH databases, and articles connected to the content, including primary readings, historiography, and secondary sources.

Internet/Digital Sources:

ACDC Youtube Video Clips

Crashcourse Economics Video Clips

AP Classroom Resources

Albert IO

Khan Academy

News publications, including but not limited to NYTimes, Washington Post.

Upfront Magazine

Pear Deck

Albert i.o.

WH Databases, AI (Gemini, Copilot, Magicshoolai), Pear Deck

Web-based resources including but not limited to digital media (SIFT method), primary sources, peer reviews, historical documents and writings of historians

Assessments

https://docs.google.com/document/d/1mKgdwpriGuRcVHIVCJUdBEk7lih12Q0ckKSTC4TMUXs/edit

Modifications

https://docs.google.com/document/d/1ODqaPP69YkcFiyG72fIT8XsUIe3K1VSG7nxuc4CpCec/edit?tab=t.0