

# Unit 5: Market Factors

Content Area:

Course(s):

Time Period:

**Year**

Length:

**180**

Status:

**Published**

## Summary

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In this unit, students will apply many of the concepts they learned previously but now in the context of factor markets. Like with product markets, the laws of supply and demand apply to factor markets with an upward-sloping supply curve and a downward-sloping demand curve. In factor markets, firms hire additional resources up to the point at which the resource's marginal revenue product is equal to its marginal resource cost.

## Standards

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H/SS.MICE.II.D	Firm behavior and market structure
H/SS.MICE.II.D.1	Profit
H/SS.MICE.II.D.1.a	Accounting versus economic profits
H/SS.MICE.II.D.1.b	Normal profit
H/SS.MICE.II.D.1.c	Profit maximization: MR=MC rule

## Priority Content Standards

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## Supplemental Content Standards

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H/SS.MICE.II	The Nature and Functions of Product Markets
H/SS.MICE.II.D	Firm behavior and market structure
H/SS.MICE.III	Factor Markets

## Interdisciplinary Connections (Standards)

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Please select relevant "Standards for Mathematical Practice (2023)", science and engineering practice standards "Grades 9-12/6-8 (2023)", ELA anchor statements, Social Studies practice standards. (3-6 total are suggested)

Planning and Carrying Out Investigations  
 Obtaining, Evaluating, and Communicating Information  
 Using Mathematics and Computational Thinking  
 Developing and Using Models  
 Constructing Explanations and Designing Solutions  
 Analyzing and Interpreting Data  
 Engaging in Argument from Evidence  
 Asking Questions and Defining Problems

## **Career Readiness, Life Literacies, and Key Skills PRACTICES**

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These practices should be taught and reinforced in all content areas with increasingly higher levels of complexity and expectation as a student advances through a program of study.

WRK.K-12.P.1	Act as a responsible and contributing community members and employee.
WRK.K-12.P.2	Attend to financial well-being.
WRK.K-12.P.3	Consider the environmental, social and economic impacts of decisions.
WRK.K-12.P.4	Demonstrate creativity and innovation.
WRK.K-12.P.5	Utilize critical thinking to make sense of problems and persevere in solving them.
WRK.K-12.P.6	Model integrity, ethical leadership and effective management.
WRK.K-12.P.7	Plan education and career paths aligned to personal goals.
WRK.K-12.P.8	Use technology to enhance productivity increase collaboration and communicate effectively.
WRK.K-12.P.9	Work productively in teams while using cultural/global competence.

## **Climate Change Standards**

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Select the Performance Expectations.

### [ClimateChange Education](#)

## **Stage I: Desired Results**

<b>STAGE I Desired Results</b>
<i>Learning Objective (Transfer)</i>

*Students will be able to use their learning to independently...*

- Define (using graphs where appropriate) key terms and concepts relating to factor markets.
- Calculate (using data from a graph or table where appropriate) the marginal revenue product and marginal resource cost.
- Explain (using graphs where appropriate) the profit-maximizing behavior of firms buying labor (with other inputs fixed) in perfectly competitive markets.
- Define (using graph as appropriate) the characteristics of monopolistic markets.

**Mastery**

Enduring Understanding

*Enduring Understanding...*

- Factors of production (labor, capital, and land) respond to factor prices (wages, interest, and rent), and employers' (firms') decision to hire is based on the productivity of the factors, output price, and cost of the factor.
- Changes in the determinants of labor supply (such as immigration, education, working conditions, age distribution, availability of alternative options, preferences for leisure, and cultural expectations) cause the labor supply curve to shift.
- To minimize costs or maximize profits, firms allocate inputs such that the last dollar spent on each input yields the same amount of marginal product.

Essential Questions/ Big Ideas

- How are prices for resources determined?
- How do firms use resource prices to make decisions?

**Acquisition**

*Essential Knowledge...*

- In a perfectly competitive labor market, the wage is set by the market and each firm hires the quantity of workers, where the marginal factor (resource) cost (wage) equals the marginal revenue product of labor.
- A typical firm may be a perfect competitor in the labor market even if it is an imperfect competitor in its output markets.

*Suggested skills...*

- Describing economic concepts, principles, or models.
- Determining the effect(s) of one or more changes on other economic markets.
- Using economic concepts, principles, or models, explain how a specific economic outcome occurs or what action should be taken in order to achieve a specific economic outcome.

**Stage II: Assessment Evidence**

STAGE II Assessment Evidence	
Practices	Assessments

AP Classroom Progress Check Determinates of labor simulation Group FRQ practice	Unit 5 Test Changes in Factor Demand project
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## **Modifications**

Additional time on assessments

Guides notes

Audio/video examples

Study guides

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## **Acceleration**

Additional graphing practice

Supplemental readings

Additional free response practice

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## **Stage III: Learning Plan**

Unit 5: 2 weeks

- Lesson 1.1: Introduction to Factor Markets/ Changes in Factor Demand and Factor Supply
- Lesson 1.2: Changes in Market Demand and Market Supply
- Lesson 1.3: Profit- Maximizing Behavior in Perfectly Competitive Markets
- Lesson 2.1: Monopsonistic Markets
- Lesson 2.2: Determinates of Labor Simulation
- Lesson 2.3: Changes in Factor Demand Group Project

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## **Diversity, Equity, & Inclusion**

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### [Diversity, Equity & Inclusion](#)

Provide a brief description of how this unit addresses DE&I.

## **Specific Resources for Unit**

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[jacob clifford youtube channel](#) & [website](#)

[Jason Welker youtube channel](#) (has useful videos aligned to the course and a ton of videos about graphs)

[Review Econ \(Jacob Reed\) youtube channel](#)

[T-Pock's economics course](#) & [T-Pock youtube channel](#)

[Wizeprep online course](#)\*: (similar to Khan academy but focused on the principles of microeconomics)

[MRU online course](#)\* (has not only review videos but teacher resources, review games, etc to use)

[Federal Reserve Education](#) (can filter the site based on unit/topic and it will provide lesson plans that you can download as a PDF or link to google classroom)

[AP micro Khan academy](#)\*

[AP practice exams.com](#) (useful platform with practice questions, links to helpful videos/youtube channels)

[The Economist youtube channel](#) (various videos pertaining to economics)

[Economics Explained](#) (various videos pertaining to economics)

[Think Econ](#) (great resource with many videos pertaining to the course)

[One minute economics](#) (short videos about different economic topics)

[UMASS Amherst economics](#) (videos from professors)

[Department of Economics Oxford U](#)

[Crash course economics](#) (same as the John Green network making these crash course videos)

[EconDal](#) (videos from an economics teacher about various topics)

[lessons for AP micro](#)

Free practice tests/questions:

[Varsity Tutors](#)

[https://highschooltestprep.com/ap/microeconomics/?utm\\_source=chatgpt.com](https://highschooltestprep.com/ap/microeconomics/?utm_source=chatgpt.com)

[https://knowt.com/exams/AP/AP%20Microeconomics/practice-test-room?utm\\_source=chatgpt.com](https://knowt.com/exams/AP/AP%20Microeconomics/practice-test-room?utm_source=chatgpt.com)

<https://www.crackap.com/ap/microeconomics/index.html>

Articles:

[financial times](#)

[Albert IO](#)

## **Technology Integration**

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Northern supports the integration of the [SAMR Model](#): a framework which extends learning through the use of technology. The installation of interactive boards, the purchase of softwares and subscriptions, and the investment in 1:1 laptops and various other instructional technologies are examples of Northern's commitment to enhancing students' learning and preparing the 21st century learner for college and careers.