

# KRUGMAN'S MICROECONOMICS for AP\*

Margaret Ray and David Anderson



Adapted from *Microeconomics*, Second Edition  
by Paul Krugman and Robin Wells

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Margaret Ray and David Anderson

University of Mary Washington

Centre College



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# College Board AP Topic Outline Microeconomics

## I. Basic Economic Concepts (8–14%)

- 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

## II. The Nature and Function of Product Markets (55–70%)

- A. Supply and demand
  - 1. Market equilibrium
  - 2. Determinants of supply and demand
  - 3. Price and quantity controls
  - 4. Elasticity
  - 5. Consumer surplus, producer surplus, and market efficiency
  - 6. Tax incidence and deadweight loss
- B. Theory of consumer choice
- C. Production and costs
  - 1. Production functions
  - 2. Marginal product and diminishing returns
  - 3. Short-run costs
  - 4. Long-run costs and economies of scale
  - 5. Cost minimizing input combination
- D. Firm behavior and market structure
  - 1. Profit
  - 2. Perfect competition
  - 3. Monopoly

# Krugman's Microeconomics for AP\*

## Section 1: Basic Economic Concepts

- Module 1 The Study of Economics
- Module 3 The Production Possibilities Curve Model
- Module 4 Comparative Advantage and Trade
- Module 1 The Study of Economics
- Module 1 The Study of Economics
- Module 1 The Study of Economics

## Section 2: Supply and Demand

- Module 5 Supply and Demand: Introduction and Demand
- Module 6 Supply and Demand: Supply and Equilibrium
- Module 7 Supply and Demand: Changes in Supply and Demand
- Module 8 Supply and Demand: Price Controls
- Module 9 Supply and Demand: Quantity Controls

## Section 3: Behind the Demand Curve: Theory of Consumer Choice

- Module 10 Income and Substitution Effects and Elasticity
- Module 11 Interpreting Price Elasticity of demand
- Module 12 Other Elasticities
- Module 13 Consumer and Producer Surplus
- Module 14 Efficiency and deadweight Loss
- Module 15 Utility Maximization

## Section 4: Behind the Supply Curve: Profit, Production, and Costs

- Module 18 The Production Function
- Module 18 The Production Function
- Module 19 Firm Costs
- Module 20 Long Run Costs and Economies of Scale
- Module 36 Cost Minimizing Input Combinations

- Module 21 Introduction to Market Structures
- Module 16 Defining Profit
- Module 15 Profit Maximization

## Section 5: Market Structures: Perfect Competition and Monopoly

- Module 22 Introduction to Perfect Competition
- Module 23 Graphing Perfect Competition
- Module 24 Long-Run Outcomes in Perfect Competition
- Module 25 Introduction to Monopoly
- Module 26 Monopoly and Public policy
- Module 27 Price Discrimination



4. Oligopoly

5. Monopolistic competition

**III. Factor Markets (10–18%)**

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

**IV. Market Failure and the Role of Government (12–18%)**

- A. Externalities
- B. Public goods
- C. Public policy to promote competition
- D. Income distribution

**Section 6: Market Structures: Imperfect Competition**

- Module 28 Introduction to Oligopoly
- Module 29 Game Theory
- Module 30 Oligopoly in Practice
- Module 31 Introduction to Monopolistic Competition
- Module 32 Product Differentiation and Advertising

**Section 7: Factor Markets**

- Module 33 Introduction and Factor Demand
- Module 33 Introduction and Factor Demand
- Module 34 The Markets for Land and Capital
- Module 35 The Market for Labor
- Module 37 Theories of Income Distribution

**Section 8: Market Failure and the Role of Government**

- Module 38 Introduction to Externalities
- Module 39 Externalities and Public Policy
- Module 40 Public Goods
- Module 41 Public Policy to Promote Competition: Anti-trust and Regulation
- Module 42 Income Distribution and Income Inequality

**Appendix: Enrichment Modules**

- Module 43 The Economics of Information
- Module 44 Indifference Curves and Consumer Choice

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# About the Authors



**Margaret Ray** is Professor of Economics at the University of Mary Washington, where she specializes in teaching introductory economics. She received her BS in Economics from Oklahoma State University and her PhD in Economics from the University of Tennessee. Her research is primarily in the areas of economic education and equine industry economics. In 2003 she taught AP Economics at Collegiate School in Virginia. Ray received the National Council on Economic Education's Excellence in Teaching Economics award in 1991. She has been involved in the AP Economics program since 1992, serving as a reader and question leader, writing test items, overseeing the AP course audit, writing College Board "*Special Focus*" articles, and contributing activities to the National Council on Economic Education's *AP Economics* resource. She has been a College Board Endorsed Consultant for economics since 2001 and she conducts several professional development workshops and institutes each year. She currently serves on the Steering Committee for the College Board's AP National Conference.



**David Anderson** is the Paul G. Blazer Professor of Economics at Centre College. He received his BA in Economics from the University of Michigan and his MA and PhD in Economics from Duke University. Anderson is a leading authority on AP Economics and speaks regularly at the International AP Economics Teacher Conference, the National AP Conference, and regional AP Economics workshops. He has authored dozens of scholarly articles and ten books, including *Cracking the AP Economics Exam*, *Favorite Ways to Learn Economics*, *Environmental Economics and Natural Resource Management*, *Contemporary Economics for Managers*, *Treading Lightly*, and *Economics by Example*. His research is primarily on economic education, environmental economics, law and economics, and labor economics. Anderson teaches courses in each of these fields and loves teaching introductory economics. He lives in Danville, Kentucky with his wife and two children.

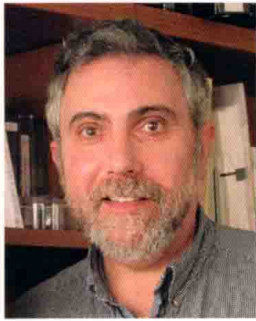
## Supplements Team



### **Eric Dodge** **Teachers Resource Binder, Test Bank**

Eric is Professor of Economics and Business Administration at Hanover College in Indiana. He received his BA from the University of Puget Sound and his MA and PhD from the University of Oregon. Eric has been involved with AP Economics for more than ten years and has served as reader, table leader, and question leader.

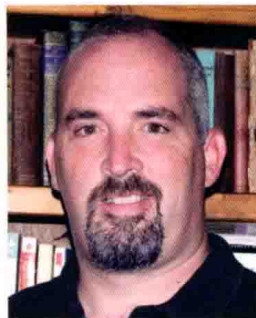




**Paul Krugman**, recipient of the 2008 Nobel Memorial Prize in Economics, is Professor of Economics at Princeton University, where he regularly teaches the principles course. He received his BA from Yale and his PhD from MIT. Prior to his current position, he taught at Yale, Stanford, and MIT. He also spent a year on the staff of the Council of Economic Advisers in 1982–1983. His research is mainly in the area of international trade, where he is one of the founders of the “new trade theory,” which focuses on increasing returns and imperfect competition. He also works in international finance, with a concentration in currency crises. In 1991, Krugman received the American Economic Association’s John Bates Clark medal. In addition to his teaching and academic research, Krugman writes extensively for nontechnical audiences. Krugman is a regular op-ed columnist for the *New York Times*. His latest trade book, *The Conscience of a Liberal*, is a best-selling study of the political economy of economic inequality and its relationship with political polarization from the Gilded Age to the present. His earlier books, *Peddling Prosperity* and *The Age of Diminished Expectations*, have become modern classics.



**Robin Wells** was a Lecturer and Researcher in Economics at Princeton University. She received her BA from the University of Chicago and her PhD from the University of California at Berkeley; she then did postdoctoral work at MIT. She has taught at the University of Michigan, the University of Southampton (United Kingdom), Stanford, and MIT. The subject of her teaching and research is the theory of organizations and incentives.



## **David Mayer**

### ***Strive for a 5, Lecture PowerPoint Presentations***

Dave teaches at Churchill High School in San Antonio, Texas. He received a BA in Economics from Texas A&M University and earned his MA at University of Texas, San Antonio. He has been teaching the AP Economics course since 2004, and began working as an AP Economics reader and then table leader in 2006. Dave is a College Board Endorsed Consultant for economics and he conducts several professional development workshops and institutes each year. He is the author of *The Everything Economics Book* published by Adams Media in 2010. David lives in San Antonio with his wife Courtney and children Caty and Colin.



## FROM MARGARET AND DAVE

**W**e understand the unique challenges of teaching and learning AP Economics. This book is the culmination of our combined 35 years of work with AP Economics students and teachers. We have seen the challenges first hand, and we have listened to the concerns and solutions of the many remarkable teachers with whom it has been our privilege to work. The creation of this book draws from our experience in every facet of AP-level education, from teaching high school classes to leading AP Economics professional development programs. We have designed this book and its ancillary resources to be the most effective possible resources to help teachers and students succeed in AP Economics.

It is clear that the foundation of any effective AP Economics course is a high quality, college level textbook. The impetus for this project was the recognition that, while any college level introductory textbook can be adapted for use in an AP Economics course, no existing textbook is sufficient for the task. The existing textbooks cover large amounts of material that is *not* included on the AP Course Outline and omit important topics that are on the Outline. Teachers using existing textbooks must navigate around unnecessary chapters, cover chapters with some relevant topics but lots of superfluous information, and search for supplementary materials to cover topics not addressed in the text. These problems hinder the effectiveness of standard textbooks and make extra work for both teachers and students. While some other college level books have been printed as "AP Editions," the changes in those editions are little more than new labels and covers. This book is different. It is made specifically to satisfy the goals of the AP Economics teacher and student.

Intent on promoting the efficiency and effectiveness of AP Economics courses, we started with the best available college-level introduction to economics—Krugman and Wells' *Economics*, second edition. The first edition of the Krugman and Wells textbook was a resounding success, quickly becoming one of the best-selling college economics textbooks. AP Economics teachers embraced the textbook for its clear explanations and storytelling approach. The second edition of *Economics* became even more popular and successful. We knew that it would be the best foundation for an AP adaptation. Our goal was to retain the features of *Economics* that make it a winner, while crafting it to closely follow the AP syllabus and speak to a high school audience. We hope the result will serve as the best possible textbook for teaching and learning AP Economics.

## The Organization of This Book and How to Use It

The organization of this book is inspired by our goal of adapting the parent book to best support AP Economics teachers and students. The sequence of sections and modules conforms to both the AP Topic Outline and a traditional sequence of material that has been found to be pedagogically effective. The sections and modules are grouped into building blocks in which conceptual material learned at one stage is built upon and then integrated into the conceptual material covered in the next stage. All material included in the AP Economics Course Description is included here, and all material included here is related to AP course requirements. Following is a walkthrough of the sections in the book:

### Section 1: Basic Economic Concepts

The first section initiates students into the study of economics, including scarcity, choice and opportunity cost. Module 1 provides students with definitions of basic terms in economics. Module 2 provides an overview of the study of macroeconomics, including economic growth, unemployment, inflation, and the business cycle for teachers who want to give their students a brief introduction to the "big picture" of economics. Modules 3 and 4 present the production possibilities curve model and use it to explain comparative and absolute advantage, specialization and exchange.

### Section 2: Supply and Demand

Section 2 begins with an opening story that uses the market for coffee beans to illustrate supply and demand, market equilibrium, and surplus and shortage. Modules 5, 6, and 7 introduce the important parts of the supply and demand model; demand, supply, and equilibrium. Module 8 and 9 teach students how to use the model to analyze price and quantity in markets.

### Section 3: Behind the Demand Curve: Consumer Choice

This section looks more closely at topics related to the demand curve. Module 10 explains how the income and substitution effects relate to a downward sloping demand curve and presents the concept of elasticity. Module 11 is devoted to developing price elasticity while Module 12 explains three additional elasticity measures important in economics. Consumer and producer surplus are presented in Modules 13 and 14 and are used to explain deadweight loss. Finally, Module 15 presents consumer theory and utility maximization.



## Section 4: Behind the Supply Curve: Profit, Production, and Costs

Section 4 shifts to a more detailed discussion of the supply curve. This section introduces the production and cost concepts used throughout the following sections. The section begins with a discussion of profit and profit maximization in Modules 16 and 17. Module 18 develops the production function. Modules 19 and 20 introduce cost concepts, both short-run and long-run. The last module provides an introduction to the market structures covered in Sections 5 and 6.

## Section 5: Market Structures: Perfect Competition and Monopoly

Section 5 presents the perfect competition and monopoly market structures. Modules 22–24 present perfect competition. Modules 22 and 23 develop the perfect competition model and graphs. Module 24 presents the long-run outcomes under perfect competition. Modules 25–27 present the monopoly market structure. Module 25 develops the basic monopoly model. Module 26 presents public policies toward monopoly and Module 27 explains the practice of price discrimination.

## Section 6: Market Structures: Imperfect Competition

This section introduces the imperfectly competitive market structures: oligopoly and monopolistic competition. Module 28 introduces oligopoly and Module 30 discusses oligopoly market structures in the real world. Game theory as it relates to oligopoly is given special attention in Module 29. Module 31 explains monopolistic competition. Module 32 covers product differentiation under monopolistic competition with special focus on the role of advertising.

## Section 7: Factor Markets

This section begins with Module 33, an introduction to factor markets and factor demand. Modules 34 and 35 present the markets for land, capital, and labor. Module 36 explains how to find the cost-minimizing combination of inputs. The last module in the section discusses the marginal productivity theory of income distribution and various sources of wage differentials.

## Section 8: Market Failure and the Role of Government

This section focuses on the conditions under which markets fail and explains public and private approaches to market failure. Modules 38 and 39 discuss externalities and the public policies and private remedies available to address them. Module 40 covers public goods. Module 41 presents the use of antitrust law and government regula-

tion to promote competition. Module 42 explains theories of income distribution and income inequality.

The appendix to Section 8 provides enrichment modules. While not currently part of the material on the AP Topic Outline, these modules contain extensions of the material presented in AP courses. They provide enrichment materials for advanced students or for coverage after the AP exam. This material may also be considered for inclusion on the AP Topic Outline in the future. Module 43 presents the economics of information, including adverse selection and moral hazard. Module 44 discusses indifference curves and consumer choice, an extension of the material in Module 15.

## The AP Edition: What's Different?

Perhaps the most important feature of the AP adaptation of *Economics* is what has been left unchanged. We retain Paul Krugman's fresh voice and lively writing style, which AP students find easy to understand. We also adhere to the general approach of the parent book:

"To achieve deeper levels of understanding of the real world through economics, students must learn to appreciate the kinds of trade-offs and ambiguities that economists and policy makers face when applying their models to real-world problems. We believe this approach will make students more insightful and more effective participants in our common economic, social, and political lives."

Finally, we have been careful to maintain the international focus and global coverage of issues from *Economics*, 2e.

However, we have made significant changes in the original book to meet the specific needs of AP Economics teachers and students. Here are the major adaptations:

### Close Adherence to the AP Topic Outline and Terminology

We have carefully followed the AP Topic Outlines for Microeconomics and included all of the material required for the course. The book covers the course material using the same terminology students will see on the AP Microeconomics Exam. When there is more than one term that can be used in a particular situation, we have introduced students to each of the terms they might see on the exam and made it clear that the terms are synonymous. Because it closely conforms to the required course material and introduces AP exam terminology, this book helps students learn the material and terminology they will see on their AP Microeconomics Exam.

### AP Course-friendly Organization

This book is arranged by sections that correspond to the AP Topic Outline provided by the College Board. Each section is divided into 4–7 modules. Each module breaks the



course material into a pedagogically appropriate unit that is designed to be presented in one class period, with additional class periods for activities, demonstrations, and reinforcement, as needed. This organization takes teachers and students through the required AP course material in a sequence and at a pace designed for optimal success for students in AP economics classes.

## Relevant Examples

The Krugman and Wells textbook was lauded for its use of relevant and interesting examples to teach economic principles. We have retained this approach and many of the examples from the parent book. However, we have modified, added, or replaced examples to speak specifically to a high school audience.

## Practice for the AP Exam

Each module in the book ends with AP review material including sample multiple-choice and free-response questions related to the content in the module. The multiple-choice questions are written in the style of the AP exam with five distracters. Two sample free-response questions are included for each module, the first of which includes a sample grading rubric. Providing the rubric helps students to prepare for the format of the AP exam and to better understand how their responses will be graded (which will help them to provide better responses on the exam).

## Supplements

The teacher and student supplements have been designed by experts in AP economics to facilitate teaching and learning. The instructor's resources are comprehensive enough to guide new AP teachers through their first years of teaching AP economics but also provide unique ideas and suggestions that will help experienced teachers enhance their courses. The student's resources help students through both the course and preparation for the AP exam. All supplement materials are developed to adhere to the AP course outline, goals, and testing format.

## Economics by Example

David Anderson's *Economics by Example* has become a leading supplemental resource for AP economics courses. Each book is bundled with a copy of the Anderson book, and suggestions for how to use it in an AP economics course are integrated throughout the text and the instructor materials.

## Advantages of This Book

This book has all of the advantages found in the parent book as well as many new advantages unique to the AP adaptation:

- **Created by a Team with Insight.** The team of authors for this project has a wealth of experience with AP economics. This book is the result of extensive collaboration within the team as well as incredible support from highly qualified AP content reviewers and accuracy checkers at all points along the way.
- **Created Specifically to Meet the Needs of AP Economics Teachers and Students.** From the Table of Contents through the supplements, this project is specifically designed to meet the needs of AP teachers and students. The outline of the book follows the AP topic outline, the terminology in the book conforms to accepted terminology used in AP materials and on the AP exam, and supplements provide everything new or experienced teachers and students need to be successful in an AP economics course.
- **Chapters build intuition through realistic examples.** In every chapter, real-world examples, stories, applications, and case studies teach the core concepts and motivate student learning. The best way to introduce concepts and reinforce them is through real-world examples; students simply relate more easily to them.
- **Pedagogical features reinforce learning.** The book includes a genuinely helpful set of features that are illustrated and described later in the Preface.
- **Modules are accessible and entertaining.** A fluid and friendly writing style makes concepts accessible. Whenever possible, the book uses examples that are familiar to students: choosing which college to attend, paying a high price for a cup of coffee, or deciding where to eat at the food court at the local shopping mall.
- **Although easy to understand, the book also prepares students for the AP exam and further coursework.** Too often, instructors find that selecting a textbook means choosing between two unappealing alternatives: a textbook that is “easy to teach” but leaves major gaps in students’ understanding, or a textbook that is “hard to teach” but adequately prepares students for the AP exam and future coursework. This is an easy-to-understand textbook that offers the best of both worlds.

## Supplements and Media

We are pleased to offer an enhanced and completely revised supplements and media package to accompany this textbook. The package has been crafted by experienced AP teachers to help instructors teach their AP Economics course and to give students the tools to develop their skills in economics and succeed on the AP Economics Exam.

(“Supplements” continued, p. xxvi)

## Engaging examples provide a context for important concepts

### section 2

- Module 5** Supply and Demand: Introduction and Demand
- Module 6** Supply and Demand: Supply and Equilibrium
- Module 7** Supply and Demand: Changes in Supply and Demand
- Module 8** Supply and Demand: Price Controls (Ceilings and Floors)
- Module 9** Supply and Demand: Quantity Controls

**Economics by Example:**  
"The Coffee Market's Hot; Why Are Bean Prices Not?"

# Supply and Demand

For those who need a cappuccino, mocha latte, or Frappuccino to get through the day, coffee drinking can become an expensive habit. And on October 6, 2006, the habit got a little more expensive. On that day, Starbucks raised its drink prices for the first time in six years. The average price of coffee beverages at the world's leading chain of coffeehouses rose about 11 cents per cup.

Starbucks had kept its prices unchanged for six years. So what compelled them to finally raise their prices in the fall of 2006? Mainly the fact that the cost of a major ingredient—coffee beans—had gone up significantly. In fact, coffee bean prices doubled between 2002 and 2006.

Who decided to raise the prices of coffee beans? Nobody: prices went up because of events outside anyone's control. Specifically, the main cause of rising bean prices was a significant decrease in the supply of coffee beans from the world's two leading coffee exporters: Brazil and

Vietnam. In Brazil, the decrease in supply was a delayed reaction to low prices earlier in the decade, which led coffee growers to cut back on planting. In Vietnam, the problem was weather: a prolonged drought sharply reduced coffee harvests.

And a lower supply of coffee beans from Vietnam or Brazil inevitably translates into a higher price of coffee on Main Street. It's just a matter of supply and demand.

What do we mean by that? Many people use "supply and demand" as a sort of catchphrase to mean "the laws of the marketplace at work." To economists, however, the concept of supply and demand has a precise meaning: it is a *model* of how a market behaves.

In this section, we lay out the pieces that make up the *supply and demand model*, put them together, and show how this model can be used to understand how many—but not all—markets behave.

Section 2 uses the supply of coffee beans and the price of coffee at the local Starbucks to teach the supply and demand model.





## Clearly labeled graphs help to explain complex ideas

figure 5.3

### A Movement Along the Demand Curve Versus a Shift of the Demand Curve

The rise in the quantity demanded when going from point A to point B reflects a movement along the demand curve: it is the result of a fall in the price of the good. The rise in the quantity demanded when going from point A to point C reflects a change in demand: this shift to the right reflects a change in demand: this shift to the right

Figure 5.3 shows the difference between *movement* along the demand curve and a *shift* in demand, providing a clear presentation of a difficult topic.

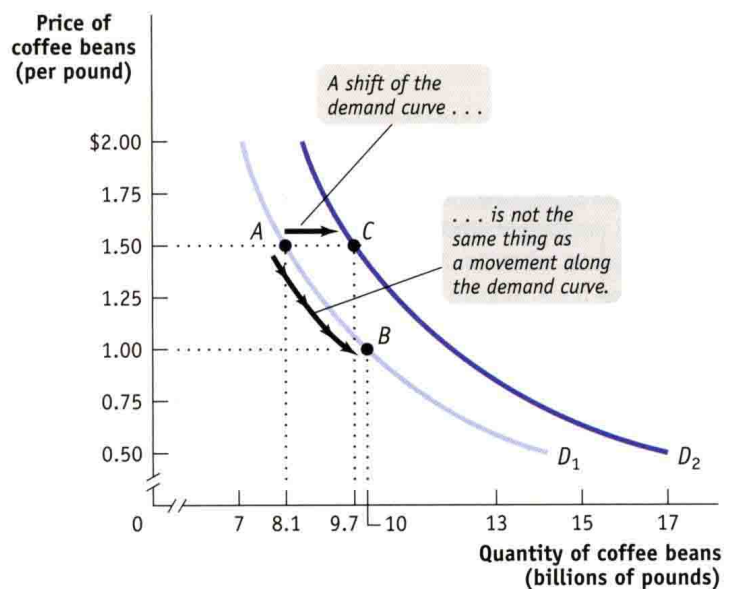


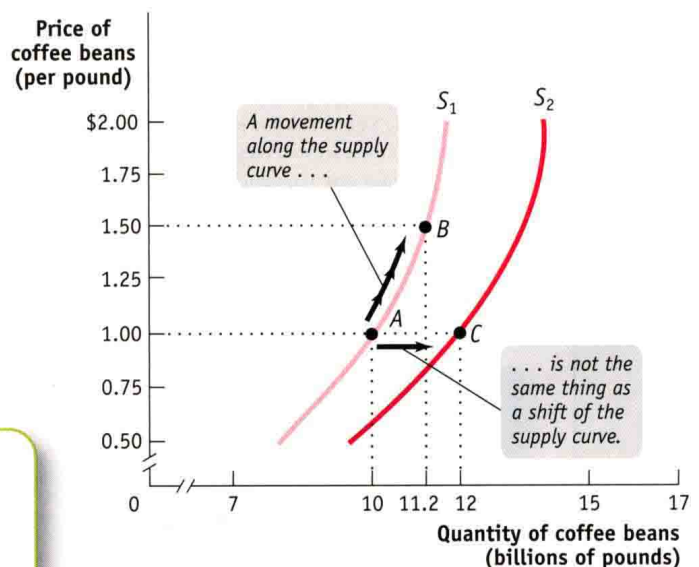
figure 6.3

### Movement Along the Supply Curve Versus a Shift of the Supply Curve

Figure 6.3 in the following module illustrates the same concept for the supply curve

The increase in the quantity supplied when going from point A to point B reflects a movement along the supply curve: it is the result of a rise in the price of the good. The increase in quantity supplied when going from point A to point C reflects a change in supply: this shift to the right is the result of an increase in the quantity supplied at any given price.

Color is used consistently to distinguish between demand (blue) and supply (red) curves.



## For Instructors

**Teacher's Resource Binder** The TRB, written by Eric Dodge, is a comprehensive resource for AP Microeconomics teachers that provides suggestions for organizing an AP Microeconomics course, including a sample syllabus, teaching strategies, suggested resources, and AP tips that will prove helpful for new and experienced AP teachers alike. In addition, the following components are provided for each module:

- Student learning objectives
- Key economic concepts
- Common student difficulties
- Class presentation ideas
- Pacing guides to suggest how much class time to spend on the module
- Sample lectures
- In-class demonstrations and activities
- Solutions to AP Review problems from the textbook

**Teacher's Resource CD-ROM** The CD-ROM contains all text figures (in JPEG and PPT formats), PowerPoint lecture slides, and detailed solutions to all of CYU, Tackle the Test, and end-of-section problems. Using the Teacher's Resource CD-ROM, the teacher can easily build classroom presentations or enhance online courses.

**Printed Test Bank** The Test Bank, written by Eric Dodge, provides a wide range of AP-style multiple-choice and short-answer questions appropriate for assessing student comprehension, interpretation, analysis, and synthesis skills. With close to 3000 questions, the Test Bank offers multiple-choice questions designed for comprehensive coverage of the AP course concepts. Questions have been checked for correlation with the text content and notation, overall usability, and accuracy.

The questions are organized by section, keyed to the pertinent module(s), and categorized by degree of difficulty. The Test Bank includes questions designed to represent the various question formats used on the AP exam. It contains questions based on the graphs that appear in the book. These questions ask students to use the graphical models developed in the textbook and to interpret the information presented in the graph. Selected questions are paired with scenarios to reinforce comprehension.

**ExamView® Assessment Suite** The Printed Test Bank is available in computerized format with ExamView. ExamView Test Generator guides teachers through the process of creating online or paper tests and quizzes quickly and easily. Users may select from our extensive bank of more than 2000 test questions or use the step-by-step tutorial to write their own questions. Tests may be printed in many different types of formats to provide

maximum flexibility or may be administered online using the ExamView Player. Questions may be sorted according to various information fields and scrambled to create different versions of tests.

**Lecture PowerPoint Presentation** Created by Margaret Ray, the enhanced PowerPoint presentation slides are designed to assist teachers with lecture preparation and presentations. The slides contain graphs, data tables, and bulleted lists of key concepts suitable for lecture presentation. Key figures from the text are replicated and animated to demonstrate how they build. *Notes to the Instructor* are included to provide added tips, class exercises, examples, and explanations to enhance classroom presentations. The PowerPoint presentations may also be customized by adding personalized data, questions, and lecture notes. The files may be accessed on the instructor's side of the Web site or on the Instructor's Resource CD-ROM.

## For Students

**Strive for a 5** Prepared by Margaret Ray, this guide serves as a study guide for students as they complete the course and as an AP test preparation resource. It reinforces the topics and key concepts covered in the text and on the AP exam.

The study guide component of *Strive for a 5* begins with an overview of the sections to provide a big picture context and to review how the textbook content correlates to the AP exam weighting and then shifts to a module by module review. The coverage for each module is organized as follows:

### Before You Read the Module

- Summary: an opening paragraph that provides a brief overview of the chapter.
- Learning Objectives: a numbered list outlining and describing the most important concepts in the module.
- A review and discussion of key models and/or graphs introduced in the module.

### While You Read the Module

- Key Terms: a list of boldface key terms—including room for definitions and note-taking.
- What to watch for: A list of questions that prompt students to look for key information as they read, with space left for answers and note taking.

### After You Read the Module

- Review questions: fill-in-the blank questions that review important material in the module.
- Featured graph: a graphing exercise that helps students understand and draw the important graphs in the module.



- Practice questions: study questions, and sample free response questions to help review the material in the module.

#### Answer Key

- Solutions: detailed solutions to the Questions, and Exercises in the Study Guide.

The AP preparation section of *Strive for a 5* is a comprehensive test review resource. It begins with a diagnostic pre-test and instructions to help students determine where to focus their test preparation efforts. Test preparation tips, suggestions for setting a test preparation schedule, and advice on how to study effectively and efficiently in preparation for the AP exam are also featured. Finally, sample practice tests that simulate the AP exam with solutions and sample grading rubrics are provided. Information about purchasing the *Strive for a 5* guide may be found on the Web site.

**Krugman's Economics for AP\*, eBook** The eBook fully integrates the text with the student media including animated graphs. The eBook also offers a range of customization features including bookmarking, highlighting, note-taking, plus a convenient glossary.

#### Book Companion Web Site for Students and Instructors

**[www.bfwpub.com/highschool/Krugman\\_AP\\_Micro](http://www.bfwpub.com/highschool/Krugman_AP_Micro)**

The companion Web site offers valuable tools for both instructors—including access to the contents of the Instructors Resource CD and suggestions for additional resources—and for students—additional opportunities for self-testing and review. For additional information on the supplements package and other offerings check out the Web site.

## Acknowledgments

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Patricia Brazill, *Irondequoit High School, Rochester, NY*  
 Matthew Bohnenkamp, *Marian Catholic High School, Chicago Heights, IL*  
 Ralph Colson, *Stephen F. Austin High School, Austin, TX*  
 Anthony O. Gyapong, *Penn State University, Abington, PA*  
 Martin Inde, *Willis High School, Willis, TX*  
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 David Mayer, *Winston Churchill High School, San Antonio, TX*  
 Francis C. McMann, *George Washington High, Cedar Rapids, IA*  
 Dianna Miller, *Florida Virtual School, FL*  
 Diana Reichenbach, *Miami Palmetto Senior High School, Miami, FL*  
 James Spellacy, *Lowell High School, San Francisco, CA*  
 Kevin Starnes, *Garden Grove HS, Lake Forest, CA*  
 Shaun Waldron, *Niles West High School, Skokie, IL*  
 Marsha Williams, *The Bronx High School of Science, Bronx, NY*  
 Sandra Wright, *Adlai Stevenson High School, Lincolnshire, IL*

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