

Knowledge Map - Microeconomics

Block	Topic	AP	IB	A Level
How Market Works	Markets and Competition	Scarcity	The nature of markets	Scarcity, choice and opportunity cost Positive and normative statements
	Demand and Demand Curve	Demand Changes in Factor Demand	The law of demand The demand curve The non-price determinants of demand (factors that change demand or shift the demand curve) Movements along and shifts of the demand curve Linear demand functions (equations), demand schedules and graphs	Demand and supply curves
	Supply and Supply Curve	Supply Changes in Factor Supply	The law of supply The supply curve The non-price determinants of supply (factors that change supply or shift the supply curve) Movements along and shifts of the supply curve Linear supply functions, equations and graphs	Demand and supply curves
	Equilibrium (Comparative Static Analysis)	Market Equilibrium and Consumer and Producer Surplus Market Equilibrium, Disequilibrium and Changes in Equilibrium	Equilibrium and changes to equilibrium Calculating and illustrating equilibrium using linear equations Resource allocation	Interaction of demand and supply Market equilibrium and disequilibrium
	Elasticity and its Application	Price Elasticity of Demand Price Elasticity of Supply Other Elasticities	Price elasticity of demand and its determinants Applications of price elasticity of demand Cross price elasticity of demand and its determinants Applications of cross price elasticity of demand Income elasticity of demand and its determinants Applications of income elasticity of demand Price elasticity of supply and its determinants Applications of price elasticity of supply	Price elasticity, income elasticity and cross-elasticities of demand Price elasticity of supply
	Controls on Prices (Ceiling and Floor)		Price ceilings (maximum prices): rationale, consequences and examples Price floors (minimum prices): rationale, consequences and examples	Maximum and minimum prices
	Consumer Surplus and Producer Surplus	Market Equilibrium and Consumer and Producer Surplus	Consumer surplus Producer surplus	Consumer and producer surplus
The Economics of Public Sector	Market Efficiency, Market Failure and Deadweight Loss	Socially Efficient and Inefficient Market Outcomes	Market failure as a failure to allocate resources efficiently	Taxes (direct and indirect) Subsidies Transfer payments Direct provision of goods and services Nationalisation and privatisation
	Externalities and Market Inefficiency	Resource Allocation and Economic Systems Socially Efficient and Inefficient Market Outcomes Cost-Benefit Analysis Externalities	The meaning of externalities Negative externalities of production and consumption Positive externalities of production and consumption Asymmetric information	Efficient resource allocation Externalities and market failure Policies to achieve efficient resource allocation and correct market failure Social costs and benefits; cost-benefit analysis
	Public Goods and Common Resources	Public and Private Goods	Common access resources and the threat to sustainability	Classification of goods and services
	Taxes and Equity & Taxes and Efficiency		Specific (fixed amount) taxes and <i>ad valorem</i> (percentage) taxes and their impact on markets Tax incidence and price elasticity of demand and supply	
Firm Behavior and the Organization of Industry	Government Intervention	The Effects of Government Intervention in Markets The Effects of Government Intervention in Different Market Structures		
	Production Possibilities	Production Possibilities Curve	Production in the short run: the law of diminishing returns	Factors of production Production possibility curves
	The Cost of Production	The Production Function Short-Run Production Costs	Costs of production: economic costs Costs of production in the short run	Resource allocation in different economic systems and issues of transition
	Long-run Cost	Long-Run Production Costs Firms' Short-Run Decisions to Produce and Long-Run Decisions to Enter or Exit a Market	Production in the long run: returns to scaleCosts of production in the long run	Types of cost, revenue and profit, short-run and long-run production
Market Structure	Profit Maximization of the Firm	Types of Profit Profit-Maximizing Behavior in Perfectly	Total revenue, average revenue and marginal revenue Economic profit (sometimes known as abnormal profit) and normal profit (zero economic profit occurring at the break- even point) Profit maximization	Types of cost, revenue and profit, short-run and long-run production
	Introduction of Competitive Market	Perfect Competition	Assumptions of the model Revenue curves Profit maximization in the short run Profit maximization in the long run Efficiency	Different market structures
	Introduction of Monopoly	Monopoly	Assumptions of the model Barriers to entry Revenue curves Natural monopoly Monopoly and efficiency Policies to regulate monopoly power The advantages and disadvantages of monopoly compared with perfect competition	Different market structures
	Introduction of Monopolistic Competition	Monopolistic Competition	Abuse of monopoly power Assumptions of the model Revenue curves Profit maximization in the short run Profit maximization in the long run Non-price competition Monopolistic competition and efficiency Monopolistic competition compared with perfect competition and monopoly	Different market structures
	Introduction of Oligopoly	Oligopoly and Game Theory	Assumptions of the model Open/formal collusion Tacit/informal collusion Non-collusive oligopoly Game theory	Different market structures

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Block	Topic	AP	IB	A Level
Measuring of a Nation's Income and the Cost of Living	The Economy's Income and Expenditure		The circular flow of income model	The circular flow of income
	GDP and economic growth	The Circular Flow and GDP Real v. Nominal GDP Limitations of GDP Economic Growth Public Policy and Economic Growth	Measures of economic activity: gross domestic product (GDP), and gross national product (GNP) or gross national income (GNI) The meaning of economic growth Causes of economic growth Consequences of economic growth	Economic growth, economic development and sustainability National Income statistics
	CPI and Inflation	Price Indices and Inflation Costs of Inflation	The meaning of inflation, disinflation and deflation Consequences of inflation Consequences of deflation Types and causes of inflation Possible relationships between unemployment and inflation	Inflation Policies to correct inflation and deflation
The Real Economy in the Long-run Market and Walfare	Distribution of income	Inequality	The meaning of equity in the distribution of income Indicators of income equality/inequality Poverty	
	Unemployment	Unemployment	The meaning of unemployment Consequences of unemployment Types and causes of unemployment	Labour market forces and government intervention Employment/unemployment
Short-run Economic Fluctuations	IS - LM Model	Multipliers		Money supply (theory) The demand for money and interest rate determination
	Aggregate Demand and its Curve	Aggregate Demand (AD) Equilibrium in the Aggregate Demand–Aggregate Supply (AD–AS) Model	The AD curve The components of AD The determinants of AD or causes of shifts in the AD curve	Aggregate Demand (AD) and Aggregate Supply (AS) analysis
	Aggregate Supply and its Curve	Short-Run Aggregate Supply (SRAS) Long-Run Aggregate Supply (LRAS) Changes in the AD–AS Model in the Short Run Equilibrium in the Aggregate Demand–Aggregate Supply (AD–AS) Model	The meaning of aggregate supply Alternative views of aggregate supply Shifting the aggregate supply curve over the long term	Aggregate Demand (AD) and Aggregate Supply (AS) analysis
	Economic Fluctuations	Business Cycles	Short-term fluctuations and long-term trend	
	The Phillips Curve	The Phillips Curve		Inter-connectedness of problems
Macroeconomics policy	Fiscal Policy	Fiscal Policy Fiscal and Monetary Policy Actions in the Short Run Government Deficits and the National Debt Crowding Out	Sources of government revenue Types of government expenditures Fiscal policy and short-term demand management Fiscal policy and its impact on potential output Evaluation of fiscal policy	Types of policy: fiscal policy, monetary policy, and supply side policy Effectiveness of policy options to meet all macroeconomic objectives
	Monetary Policy	The Money Market Definition, Measurement, and Functions of Money Banking and the Expansion of the Money Supply The Loanable Funds Market Monetary Policy Money Growth and Inflation Fiscal and Monetary Policy Actions in the Short Run	Interest rate determination and the role of a central bank Monetary policy and short-term demand management Monetary policy and inflation targeting Evaluation of monetary policy	Types of policy: fiscal policy, monetary policy, and supply side policy Effectiveness of policy options to meet all macroeconomic objectives
	Supply Side Policy		Supply-side policies and the economy Investment in human capital Investment in new technology Investment in infrastructure Industrial policies Policies to encourage competition Labour market reforms Incentive-related policies The strengths and weaknesses of supply- side policies	Types of policy: fiscal policy, monetary policy, and supply side policy Effectiveness of policy options to meet all macroeconomic objectives

Knowledge Map - International Economics and Current Event

Block	Topic	AP	IB	A Level
International Trading	Terms		The meaning of the terms of trade Measurement Causes of changes in the terms of trade Consequences of changes in the terms of trade	The terms of trade
	International trade	Comparative Advantage and Trade Comparative Advantage and Gains from Trade International Trade and Public Policy	The benefits of trade Absolute and comparative advantage	Principles of absolute and comparative advantage
	Restrictions on free trade	Conditions on the Foreign Exchange Market Changes in the Foreign Exchange Market and Net Exports	Types of trade protection Arguments for and against trade protection (arguments against and for free trade)	Protectionism
	The balance of payments	Balance of Payments Accounts	The meaning of the balance of payments The components of the balance of payments accounts The relationships between the accounts The relationship between the current account and the exchange rate Implications of a persistent current account deficit Methods to correct a persistent current account deficit The relationship between the current account and the exchange rate	Balance of payments Policies to correct balance of payments disequilibrium
Exchange Rate	Real and Nominal Exchange Rate	Exchange Rates The Foreign Exchange Market	Determination of freely floating exchange rates Causes of changes in the exchange rate The effects of exchange rate changes	Exchange rates
	How Policies and Events Affect an Open Economy	Effect of Changes in Policies and Economic Conditions on the Foreign Exchange Market	Fixed exchange rates Managed exchange rates (managed float) Evaluation of different exchange rate systems	
International Economics	Foreign Direct Investment (FDI)	Real Interest Rates and International Capital Flows	The meaning of FDI and MNCs Advantages and disadvantages of FDI for economically less developed countries	Policies towards developing economies; policies of trade and aid
	Foreign Aid and Multilateral Development Assistance		Classifications and types of aid Evaluation of foreign aid The roles of the International Monetary Fund (IMF) and the World Bank	Policies towards developing economies; policies of trade and aid