

## **Advanced Placement Microeconomics – Summer Assignment**

Welcome to economics! Simply stated, economics is the study of how we allocate our limited resources to deal with our unlimited wants. So, at its most basic level, economics is about scarcity and choice. This course will offer you a framework for how to think about how scarcity and choice affect every aspect of our lives.

This is a college level course, so please be prepared for college level work. We need to cover a great deal of material in quite a limited amount of time, so expect to spend a significant amount of time on economics outside of class. This begins with the summer assignment. The summer assignment serves three major functions:

1. Provides a jumpstart to the year, allowing us to enjoy time covering the more challenging components of the curriculum.
2. Provides an exposure to economic problems to help you begin to “think like an economist”.
3. Provides you with a very elementary introduction to some of the issues of economics so you can make an informed decision about whether or not you want to remain signed up for the class.

This introductory material is somewhat basic, though. I encourage you to browse through the textbook and examine the different topics we will explore.

**This assignment is due by 7:50am on the first day of school** and it will be graded on effort and accuracy. You will be submitting all assignments through Haiku. Late assignments, if accepted, incur a penalty (except under extenuating circumstances). There is a 5% bonus for submitting the assignment by August 31 and a 10% bonus for submitting it by July 31.

### **MATERIALS NEEDED FOR THE COURSE**

- You will need a 3-ring binder devoted only to this class. **There are a lot of handouts.** I will periodically collect this binder, so it has to be an “economics only” binder.
- Some students choose to also use some sort of bound notebook (e.g., composition/spiral) **in addition** to the binder for note taking. This is up to you.
- A functional scanning app will be required in order to upload handwritten work. I do not accept photographs. Both Scanner Pro (paid) and Genius Scan (free) work quite well.

### **BOOKS**

- *Krugman’s Economics for AP*, 2<sup>nd</sup> Edition, by Ray and Anderson (ISBN: 1-4641-2218-0)
- *Naked Economics – Undressing the Dismal Science*, 3<sup>rd</sup> Edition by Wheelan (ISBN: 978-0393356496)
- *Strive for a Five – Preparing for the AP Microeconomics Examination to Accompany Krugman’s Economics for AP*, 2<sup>nd</sup> Edition, by Fox and Heggood (ISBN: 1-4641-5593-3)
- *Multiple Choice & Free Response Questions in Preparation for the AP Economics Exam*, by D&S Marketing Systems (ISBN: 978-1-934780-27-5)

Both *Strive for Five* and the *Multiple Choice & Free Response in Preparation for the AP Economics Exams* are workbooks that you will write in, so please buy it new or very gently used.

The textbook, *Krugman’s Economics for AP*, is optional.

## **METHOD OF SUBMISSION (we will be using PowerSchool – formerly known as Haiku):**

- To access our class on PowerSchool (formerly Haiku)
  - Go to <https://whschool.learning.powerschool.com/bstaub/apmicroeconomics/signup>
  - Use the code **WHECO to access our PowerSchool site**. There will be dropboxes associated with each part of this summer assignment. Make sure this is where you place your assignment. Don't email it to me; don't just upload it to the generic dropbox.
- **For typed parts of the assignment (all of them):**
  - Each page must contain your full name and course name (use the heading feature to avoid formatting issues).
  - Each file must be sent as a pdf. Do not send me MS Word, Pages, or Google Docs unless specifically asked for.
  - Each page must be double-spaced in 12-point font using either Arial, Calibri, Cambria, or Times New Roman,
  - 1" margins all the way around the paper.
  - Each assignment gets its own file and will be submitted separately to a separate dropbox. In general, files should be saved as: *Last Name\_First Name\_Name of Assignment*
  - So the assignments for the summer assignment should be saved as follows:
    - *Last Name\_First Name\_Why?*
    - *Last Name\_First Name\_Naked Economics Chapter 1-2*
    - *Last Name\_First Name\_Louis Vuitton*
    - *Last Name\_First Name\_Tariffs*
    - *Last Name\_First Name\_Economics and Law Enforcement*
  - **Incorrectly formatted assignments will not be accepted**

## **THE ASSIGNMENTS (there are 6 assignments)**

### **Assignment I: Remind**

- Please sign up for our Remind account. This will allow me to send you quick messages without having to use email or PCR. I promise to use it sparingly.
- To register, do one of the following:
  - Click this link: <https://www.remind.com/join/e9k37g>
  - Text @e9k37g to the number 81010

### **Assignment II: Why?**

- Write one paragraph explaining what you hope to gain from taking a class in microeconomics. What are your reasons for signing up for this class? Note: A "typical" paragraph is about 5-6 sentences.

## Assignment III: Naked Economics

### Overview

Write an analysis of the first two chapters, focusing on (but not solely just answering) the questions identified below for each chapter.

You should follow these parameters:

- Each chapter analysis should begin on a new page.
- Each chapter analysis should have its own title.
- Use the questions as a **guide** to form a well-constructed analysis of each chapter. You will need to give your personal thoughts as well.
- Avoid using direct quotes from the text; interpret the concept in your own words.
- You may use in-text citations (using only a page number) to make references to specific information from the book.
- Limit each analysis to about 1 page (but no more than 2). Your objective is to be brief but also descriptive!
- Scoring
  - Each analysis will be graded based upon the following grading criteria:
    - Identification & Explanation (50%) - Did you accurately identify and elaborate on the significant points of the chapter?
    - Personal Reflection (50%) - What are your personal thoughts about the themes and topics?
    - Don't just regurgitate the author's thoughts. I want your analyses, your ideas, and your reactions.

### Guiding Questions

- Chapter 1 (The Power of Markets)
  - What are the two basic assumptions economists make about individuals and firms?
  - What example does the author give to back up his statement that "maximizing utility is not synonymous with acting selfishly"?
  - What is the role and significance of prices in a market economy?
  - What are the advantages and disadvantages of a market economy?
- Chapter 2 (Incentives Matter)
  - Explain how each of the following relates to efficient outcomes in a market economy:
    - Adverse selection
    - Perverse incentives
    - Principal-agent problem
    - Prisoner's dilemma
  - How does the author back up his assertion that government benefits create perverse incentives?

## **Assignment IV: Louis Vuitton**

Louis Vuitton is a luxury retail company that operates worldwide. One of the interesting philosophies of Louis Vuitton is that their luxury bags never go on sale. There are rumors that they actually burn their unsold bags, but I have not been able to confirm this. Write a response of about 2 paragraphs that addresses the following questions.

- Why would Louis Vuitton not put their merchandise on sale?
- Is it better to throw out inventory (and generate \$0 in revenue) or sell it at a discounted price so you can at least recoup some of your costs? Defend your answer.

## **Assignment V: Tariffs**

President Trump instituted tariffs on steel and aluminum. Other countries, most notably China, have responded with threats of tariffs on United States' goods.

Define the following terms in one to two sentences.

1. Ceteris paribus
2. Absolute advantage
3. Comparative advantage
4. Production Possibilities Curve
5. Opportunity Cost

Comment on how you think the tariffs will affect the US economy. As an economist, would you recommend for or against these tariffs? Why?

## **Assignment VI: Economics and Law Enforcement**

Read Chapter 1: What's to Love about Economics – Virtues of the Economic Way of Thinking found below.

This chapter can be found on our Power School page.

- I. Define or explain the following (one sentence should suffice):
  1. The fundamental economic problem
  2. Scarcity
  3. Opportunity cost
  4. Marginal benefit
  5. Marginal cost

- II. Write a reflection on one (1) of the Discussion Starters found beginning at the bottom of page 7.