

## 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 Powerschool. 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.**

## 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: Naked Economics Analysis

### Overview

Write an analysis of chapters 1-8, 12-13, and the epilogue of the book *Naked Economics*, by Charles Wheelan, 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 no more than 1 page. Your objective is to be brief but also descriptive!
- Scoring
  - Each analysis will be graded based upon the following grading criteria:
    - Identification & Explanation - Did you accurately identify and elaborate on the significant points of the chapter?
    - Personal Reflection - What are your personal thoughts about the themes and topics?
    - Formatting
  - Don't just regurgitate the author's thoughts. I want your analyses, your ideas, and your reactions.

### Submission – use PowerSchool

- 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 a dropbox for this 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.
  - Each page must contain your full name and course name (use the heading feature to avoid formatting issues).
  - The 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.
- Files should be saved as: *Last Name\_First Name\_Name of Assignment*
- So, the summer assignment should be saved as follows:
  - *Last Name\_First Name\_Naked Economics Analysis*
- Incorrectly formatted assignments might not be accepted or might be marked down.

## ***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?
- Chapter 3: Government and the Economy
  - Explain externality in your own words
  - What roles do governments play in a market economy?
- Chapter 4: Government and the Economy II
  - What are the reasons why government should take a limited role in a market economy?
- Chapter 5: Economics of Information
  - How does the author use the example of the HOPE scholarships to explain the problem of asymmetry of information?
  - What does the author mean by “perfect information”?
- Chapter 6: Productivity and Human Capital
  - Do you agree that Bill Gates should be richer than you? Explain.
  - What is “income inequality”?
  - Why do economists argue that we should not care about “income inequality”?
- Chapter 7: Financial Markets
  - How do get rich quick schemes violate the basic principals of economics?
  - Do you agree with the author’s rules for investment advice? Explain.

- Chapter 8: The Power of Organized Interests
  - Why have Mohair farmers earned a subsidy from the federal government?
  - What does the author mean by “in politics, the tail can wag the dog”?
  - What is the economic impact of the statement in the question above?
- Chapter 9: Keeping Score → Skip this chapter
- Chapter 10: The Federal Reserve → Skip this chapter
- Chapter 11: International Economics → Skip this chapter
- Chapter 12: Trade and Globalization
  - What is the “good news about Asian sweatshops”?
  - How can free trade and the concept of specialization make all nations better off?
- Chapter 13: Development Economics
  - Based on your reading or experience, what do you believe are the two biggest obstacles preventing poor countries from becoming rich?
- Epilogue: Life in 2050
  - What are three economic questions you have about life in 2050?