

# Advanced Placement Microeconomics – Introduction and Summer Assignments

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## **WELCOME**

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 and college level assessments. The course moves briskly.

## **REQUIRED BOOKS**

- *Microeconomics, Advanced Placement Edition*, by Anello & Hughes (eBook)
  - ISBN: 978-1-5311-5034-1
- *Naked Economics – Undressing the Dismal Science*, 3<sup>rd</sup> Edition by Wheelan.
  - ISBN: 978-0393356496

## **SUMMER ASSIGNMENTS**

### **PURPOSE**

1. Provide an exposure to economic problems to help you begin to “think like an economist”.
2. Provide you with a very elementary introduction to some of the issues of economics so you can make an informed decision about whether 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. The computations will be simple but interpreting and creating graphs and charts are essential and prominent components of the course.

### **DUE DATE**

- 7:50am on the first day of school. It will be graded on effort and accuracy.

## **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/224e9ch>
  - Text @224e9ch to the number 81010

# Assignment II: Naked Economics Analysis

## Overview

Write an analysis of chapters 1-8, 12, 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 using the following 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 regurgitate the author's thoughts. I want your analyses, ideas, and reactions.

## Submission

- This assignment will be one of the few that you will email to me.
- Each page must contain your full name and course name (using the heading feature will help 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 → Skip this chapter
- Epilogue: Life in 2050
  - What are three economic questions you have about life in 2050?