



2018/2019 AP ECONOMICS SUMMER ASSIGNMENT

MR. SMIDT

Welcome to AP Macro/Microeconomics. Economics is the study of how we, as humans, allocate our limited resources to deal with our unlimited wants. This summer you need to start thinking like an economist. Our class begins with the idea of **choice** so without further delay....

Course Overview:

Advanced Placement Economics is essentially two college-level courses designed to prepare you to take two AP exams in May. Microeconomics examines behaviors of firms and individuals within an economic system and how they interact with one another. Macroeconomics examines the economy as a whole including inflation, unemployment, and economic growth. By taking this course and mastering the material you will find yourself more prepared to meet the challenges of the 21st century and have success in the global marketplace.

Topics Covered in MICRO Econ (1st Sem.)

1. Basic Economic Concepts
2. Supply, Demand, and Consumer Choice
3. Costs of Production and Perfect Competition
4. Imperfect Competition
5. The Resource Market
6. Market Failures and Government Involvement

Topics Covered in MACRO Econ (2nd Sem.)

1. Measuring Economic Performance
2. Aggregate Demand/Supply, Fiscal Policy and Growth Policy
3. Money, Banking and Monetary Policy
4. International Trade and Foreign Exchange
5. AP Exam Review

“Choices, Choices, Choices, Choices, Choices, Choices, Choices, Choices...man, that’s a funny word if you say it a bunch of times, really fast” -Mr. Smidt

Your summer assignment starts with a choice, or an opportunity cost, as it were...

Choice A: Choose a book off of the suggested reading list and then complete the assignment to follow

Choice B: Choose a book similar to something from the suggested reading list and complete the assignment to follow. If you want to find something that sounds more appealing to you, email me the title and author and I will tell you if it’s appropriate for the assignment. Ultimately, its better for you if you read something you want to read.

Choice C: Choose to NOT read a book and NOT complete the assignment to follow. Now’s here’s your choice...if you choose this option you get a 0 out of 100 for the first grade of the quarter; remember that “Opportunity Cost” is what you give up to have the next best alternative. You chose a “do nothing” summer because that sounds fun, but you sacrifice a good grade in the course from the very beginning. In economics and in life, if you only think in the short term, you will almost always fall behind in the long run.

Look at the attached **Handy Dandy Guide to Economics** and let’s apply it in this scenario.... first, students choose; second, all choices involve costs; third, people respond to incentive in predictable ways; and finally, the Consequences of Choices Lie in the Future.

1. You will choose whether or not to do this assignment because you will have to make a choice.
2. Your choice to read and write means you will give up going to the beach, or the mall, or the movies, or playing video games. I know you’re thinking “But I can multitask...but it’s summer break! I can read a book while at the beach, or the mall” I would tell you what my grandfather told me while growing up “you can’t catch a fish if you’re too busy picking your nose” (not too sure if that applies to this situation, but I think you get the idea)
3. You will likely do this assignment because your incentive, a possible 100 / 100 points, is much better than the alternative: a 0 / 100 points...because even my 2 year old nephew knows that having something is better than nothing at all. So according to this logic, 95% of you will do this assignment. Though you may do it begrudgingly or poorly, you will still complete it because of the incentive that is in front of you (100 points...in case you had forgotten)

Now, for the other 5% of you who made the choice to NOT do the assignment: YOU DO NOT GET THE INCENTIVE. This means that you now have to deal with the consequence in the future: a big, fat “F” for your first assignment of the 1st Quarter; Parents/Guardians yelling at you about your grade, etc. The thing is, unlike an economist, you actually know what happens in the future when you make this choice so the question remains: *How could you possibly, on God’s beautiful green earth, choose this option know the long-term consequence?*

Suggested Reading List:

All of the following books can be found at Barnes & Noble, or Amazon, etc. I recommend getting your own, personal copy because they can be purchased at reasonable prices.

<u>Salt</u>	Mark Kurlansky	<u>Coal</u>	Barbara Freese
<u>Cod</u>	Mark Kurlansky	<u>Soccernomics</u>	Simon Kuper
<u>Paper</u>	Mark Kurlansky	<u>Capital in the 21st Century</u>	Thomas Piketty
<u>The Big Oyster</u>	Mark Kurlansky	<u>The Undercover Economist</u>	Tim Harford
<u>Freakonomics</u>	Levitt/Dubner	<u>The Wealth of Nations</u>	Adam Smith

The ACTUAL Summer Assignment:

So you read the book!!! Great job, I knew you would do it! You know why? Because Rule 3 (“Handy Dandy Guide”) told me you would remember: People Respond to Incentives in Predictable Ways!

I want you to do **TWO (2)** more things now:

1. Summarize what you read in 2 – 3 paragraphs. (This will be worth **33 points**.)
2. Apply the “*Handy Dandy Guide to Economics*” to the text that you read by using **THREE (3)** of the rules from the guide. Write one paragraph for EACH rule you choose that includes all of the following items below. (This will be worth **66 points**, 22 points per paragraph)
 - a. Explains how the text from your book reflects that rule.
 - b. Uses textual evidence and examples to support your claims.
 - i. If you feel like a lot of the book tailored to one specific Rule, then explain how it do so, citing examples from the text. By the way, if you have actually read this whole assignment, you’ll notice that I have been showing you how to apply the “*Handy Dandy Guide*”think about it for a minute. If you haven’t read the whole assignment, go back and do so.....you’ll possibly learn something.
 - ii. You can, and will, cite like this: (p. 145) or (145). No need for the author’s name as you’re only referencing the one book you read and will note his/her name and the title of the book at the top of your paper.
 - iii. Just to be clear: **YOU ARE WRITING AN ADDITIONAL 3 PARAGRAPHS**

Grading

If you follow all of these grading rules below, you will receive an additional **.5 points**

1. Type the title of the book on the first line; type the author’s name on the second line – set this to center.
2. Essays must be at least TWO (2) pages in length. (My hope is that what you read and what you learn pushes you to want to write more than two pages)
3. Double Spaced
4. TYPED in Times New Roman, size 12 font, with 1 inch margins.

So where does your other **.5 point** come from? **HANDWRITE YOUR NAME AND PERIOD** in the top right corner of the first page of your essay. If you make a title page, I will rip it off and throw it in the trash and if your name is not on the next page, you will get a ZERO on the whole assignment.

As you’ll learn, the government (me) can over-regulate the economy and it causes problems in the economy (class). In this case, though, the regulations benefit all of us....why you ask?

1. Regulations make it easier for me to grade your papers
2. Don’t believe me? Then ask yourself why it takes so long to get some things back when you don’t follow the rules. Its because most teachers will put the papers that don’t conform at the bottom of the pile because 5 papers that don’t conform take longer to grade than 20 papers that do follow the rules.
3. These same regulations then allow me to get your grade to you faster, in theory of course, seeing as how I have several other classes and am a High School Pastor at my church and starting Graduate School in the fall.

Other Important Stuff:

1. If you have questions over the summer, email me before the first day of class. I can be reached at rsmidt@southlandscs.com. I will respond to emails as quickly as I can.
2. If you email me in the first 3 weeks of June, do not expect to receive a reply until the final week of June at the earliest. I will be propelled across the Atlantic Ocean at a high rate of speed via a flying vessel in the sky. From then on I embark on a 3-week adventure of riding in trains, staying in hotels, and eating lots of food. Basically I'll be in Europe from June 3rd – 22nd so I can't reply until I get back.
3. How much is the assignment worth? Conventional logic should have answered this question, as should reading the whole assignment, but I'm sure some of you didn't fully read the details. Without further ado....the assignment is worth a total of **100 points** toward your First Quarter grade.
4. As to when this assignment is due.....well, my wonderful economists, this assignment **WILL** be handed to me as you enter my classroom on the **SECOND DAY OF CLASS** next school year.
 - i. If you fail to hand me a paper, scuttle in like a crab (and I do literally mean scuttle), sit down at your seat and accept and warmly embrace your ZERO. Don't ask for pity, sympathy, mercy, warmth, pardon, parlay, grace, etc.
 - ii. **I WILL NOT ACCEPT YOUR PAPER LATE** and there is **NO PARTIAL CREDIT**; it's all or nothing. Like Rule 6 says, The Consequences of Choices Lie in the Future...the consequence is obvious here so don't bring that consequence upon yourself.
5. Otherwise, enjoy your summer ☺ I'll see you in August!



HANDY DANDY GUIDE TO ECONOMICS

Rule 1 – People choose to do the things they think are best for them

- a) We live in a world where we can't have everything we want
- b) Resources, good, services, time, and money are scarce so have to make choices.

Rule 2 – Choices have costs

- a) When we choose something, we give up the opportunity to have something else. It is the inevitable nature of choice.
- b) It is as important to examine *"what we forgo as it is to think about what we will get if we choose one alternative over another"*

Rule 3 – People respond in predictable ways

- a) Rational people seek positive rewards – they also seek to avoid negative consequences

Rule 4 – People create economic systems that influence choices and incentives

- a) A society's economic system organizes the production, distribution, and consumption of goods and services.
- b) How people work together in the system is governed by both Written and Unwritten rules
- c) When the rules change, incentives change; when incentives change, choices change.

Rule 5 – Voluntary trade creates wealth

- a) People tend not to enter into transactions that they believe will make them worse off rather than better off.
- b) People can produce more in less time by concentrating on "what they do best" (specialization)
- c) Specialization based on comparative advantage combined with voluntary trade means there will be more total output.

Rule 6 – The Consequences of choices lie in the future

- a) We cannot change the past but we can influence the future
- b) Every choice or decision we make is based on prediction of what the benefit and cost of our alternatives will be.
- c) The more information we have about alternatives the better our predictions should be.