

Mr. Proctor's AP Economics Summer Assignment

Welcome to AP Economics at Fulton Science Academy Private School! This course will cover Macroeconomics, so we'll be exploring many topics related to the economics of countries and larger systems. This course not only satisfies a requirement for your Georgia Diploma, but also can help you earn a college credit in economics. This could be useful regardless of your college major in fulfilling a core course requirement.

In preparation for this course, you'll need to complete a summer assignment. This assignment is due on the first day of school unless you've been told otherwise by an administrator or myself. Feel free to contact me at any time during the summer at jproctor@fultonscienceacademy.org. However, I cannot guarantee that I'll be able to reply right away. Please don't wait til the last minute to contact me about an assignment.

Please turn in a hard copy of your assignments!

Assignment 1: Enjoy the sarcastic writings of Jacques Berlinerblau!

Many professors refer to economics as the study of rational human choices. Oftentimes, this involves the way we spend money, but it also refers to more qualitative choices, like choosing the right college or major. Jacques Berlinerblau recently wrote a book titled *Campus Confidential* in which he details problems he sees with the way higher education functions. Since you're a college-bound student, it's important for you to make an informed decision about which colleges you apply to. Read the attached chapter from *Campus Confidential* (slightly edited; Berlinerblau uses some choice language when making his points) and answer the following discussion questions using complete sentences.

- 1) Have you been on a college tour before? If so, does Berlinerblau's description fit with your experience?
- 2) What, if anything, about the author's comments surprise you? If nothing surprises you, describe how you think these aspects of higher education could negatively impact your schooling.
- 3) Besides the evaluations that Berlinerblau discusses, what alternative measure might you propose to evaluate a college course?
- 4) Do you see college as a necessary step towards obtaining the kind of job you'd like? Do you see any value in the college experience besides netting you a better job?
- 5) Why does Berlinerblau regard faculty-to-student ratio as a bad measure of the quality of a college?
- 6) What is "massification" and why might it matter in regard to the quality of your education?
- 7) Do you think the Dean of Pedagogy should have much power over professors at a college? Why or why not?
- 8) What question would you have for a college if you got the chance to get a truly honest answer?

Assignment 2: Book Club

For this assignment, you'll be reading *Naked Economics: Undressing the Dismal Science* by Charles Wheelan.

Write an analysis of each chapter focusing on questions identified in this assignment for each chapter. You should follow these parameters:

- . A) Each chapter analysis should be kept separate from the others. You should use the chapter and theme as a heading for your analysis.
- . B) 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.
- . C) Avoid using more than one direct quotation per chapter. It's more important that you use your own words to describe each topic.
- . D) You may use in-text citations (just use a page number) to make references to specific information from this book.
- . E) See the below directions concerning format:

Each page must be single-spaced in 12-point font Times New Roman Font with 1" margins all the way around the paper. Each page must contain your full name and course name. You must place the chapter title at the top of the first page of each chapter analysis. Limit each analysis to 1 page or less. Your objective is to be brief but also be descriptive!

Each analysis will be worth 10 points towards a classwork grade based upon the following grading criteria:

Identification & Explanation (5 points) - Did you accurately identify and elaborate on the significant points of the chapter?

Personal Reaction (5 points) - What are your personal thoughts about the themes and topics addressed per chapter?

Guiding questions:

Chapter 1: The Power of Markets

- What are the two basic assumptions that 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 the 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, and the 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

- Why is a nation’s GDP a good measure of its economic well being and progress?

- Why is a nation's GDP a poor measure of its economic well-being and progress?

Chapter 10: The Federal Reserve

- What is the primary role of the Federal Reserve?
- What is the significance of the Federal Reserve's role?
- What is deflation? Why is deflation worse than inflation?

Chapter 11: International Economics

- Early in the chapter, Wheelan states "currencies are no different than any other good." How are exchange rates determined?
- What is purchasing power parity and why is it an accurate measure of a nation's standard of the living?

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?

Assignment 3: "Failing to Prepare is Preparing to Fail"

This assignment should be the easiest one! Simply purchase your materials before coming to class on the first day. You can do this early in the summer to avoid having to wait in line, or just order them online.

Please bring the following to class every day:

- A 3-ring binder with PLENTY of notebook paper
- Dividers for your binder
- Index cards
- A composition notebook with college-ruled paper