

AP Macroeconomics

Summer Assignment, Information and Recommendations: 2017-18

AP Macroeconomics

Advanced Placement Macroeconomics is a semester introductory course that gives students an understanding of the principles of economics that apply to an economic system as a whole. This course places particular emphasis on the study of national income and its components, economic indicators, inflation and unemployment, money and banking stabilization policies and the United States and world trade. It is designed to replicate the introductory Macroeconomics course taught in a university setting. The AP program prepares students for the future by giving them tools which will serve them well throughout their academic and post-academic career. For most students, AP courses require far more commitment and effort than those of an academic high school course. Typically, a successful AP student is organized, task-oriented, a proficient reader, able to prioritize their time and has consistent and strong parental support. To be adequately prepared for the class, students must:

- Be committed to success and maintain a positive attitude
- Read the assigned text
- Take notes on the assigned reading and formulate questions
- Complete any assigned problems or projects carefully
- Review the unit objectives to pinpoint areas of non-comprehension.

WHAT'S TO LOVE ABOUT ECONOMICS?

Reading Analysis

- **Part I:** Read the following excerpt from "Economics by Example," Chapter 1: What's to Love About Economics?
- **Part II:** Answer questions #1-4 on pages 7-8.
- **Part III:** Be ready to turn in your answers and discuss the reading on the first day of class.

HANDY GUIDE TO ECONOMICS

Like all academic disciplines, economists make assumptions about how the world works and how humans behave. Here is a list of assumptions that economists make about the world. It is interesting to think about how these assertions might be flawed and I hope we have a chance to discuss that. Nevertheless, since these are the building blocks of the discipline you need to be intimately familiar with them. And keep this guide throughout the year, as it gives you a snapshot of how economists view the world.

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, goods, services, time, and money are scarce so we have to make choices.

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.

3. People respond in predictable ways.

- a. Rational people seek positive rewards.
- b. They also seek to avoid negative consequences.

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
- c. When the rules change incentives change; when incentives change choices change.

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.
- c. Specialization based on comparative advantage combined with voluntary trade means there will be more total output.

6. The consequences of choices lie in the future.

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