



**AP Microeconomics and AP U.S. Government and Politics
Summer Assignment, 2018 - 2019
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Course Description:

This is a college level course equivalent to an Introduction to Microeconomics class. Economics is typically divided into Microeconomics and Macroeconomics. Economics will introduce you into an entirely new way of thinking about human behavior, rational decision-making, critical trade-offs, social exchange, goods and services, individual or social value vs. worth, productivity, wealth, income and private, public and common goods and services. You will learn about the relationship between raw inputs (such as natural resources or labor) and outputs (i.e. “products”) and the signals—especially Price—that determines allocation of resources and the quantity and distribution of inputs and outputs as well as the material wellbeing of society. In short, you will learn to “think economically.”

Microeconomics is the foundation of all economics. As mentioned in the text, “Microeconomics deals with decision making by individuals, business firms, industries and government.” The market is the voluntary exchange of labor and materials for goods and services between people and firms by contract or trade as regulated or defined by the rule of law. There is a broad consensus that free and competitive markets are generally more efficient and productive than non-market based economies and lead to greater prosperity. We shall discuss the implications of this hypothesis as well as the existence and challenge of imperfect markets, monopolies or planned or political/governmentally controlled economies.

Microeconomics is the basis for understanding consumer choice, business profitability, competition, the role of technology and innovation, the definition and importance of property rights as well as the need for a stable and transparent political system. Microeconomics assumes that in a fair, free and open society the prices, variety and quantity of goods and services will gravitate toward a socially optimal equilibrium, full employment and stable prices. By contrast, Macroeconomics was largely developed during and after the Great Depression in the 1930s. Macroeconomics deals with a different, but related, set of economic and political issues. The major themes of Macroeconomics will be briefly covered in the AP Government course.

Microeconomics Summer Reading:

The Armchair Economist: Economics & Everyday Life by Steven Landsburg (Free Press, New York) ISBN: 9781451651737. This is a light and fun but very deep book at the same time. As the author states in the Introduction, “Here is what I now think economics is about. First it about observing the world with genuine curiosity and admitting that it is full of mysteries. Second, it about trying to solve those mysteries in ways that are consistent with the general proposition that human behavior is usually designed to serve a purpose...There are a lot of good reasons to learn about economics, but the reason I have to stress in this book is that economics is a tool for solving mysteries, and solving mysteries is fun.” This is **required reading** for the summer. During the first week, you’ll be given a set of essay questions to answer that will use specific examples from the book.

You will have an exam during the first week on Chapter One and Chapter Three from the textbook, **CoreEconomics** by Chiang on Economic Concepts and Supply and Demand. Make sure you carefully study the appendix in Chapter One on interpreting data and graphs. If you are taking AP Government in the second semester you will be required to have a basic knowledge of the organization and articles of the United States Constitution and the its Amendments. You can find this in the appendix of your AP Government textbook or on the Internet, bookstore or library. This is required at the beginning of the year. Our Constitutional system is the institutional framework for our system of market economics.

To summarize: When you begin the course you will be assessed on:

1. **The Armchair Economist**
2. Chapters One and Three of **CoreEconomics**
3. Basics of the Constitution—Separation of Powers, the authority and limitations of the legislative, executive and judicial branches and Federalism and the power given to the States or as natural rights to citizens.