

Advanced Placement Microeconomics

Summer Assignment 2009

Mr. Rupert

The Advanced Placement course in economics gives high-ability students the opportunity to earn college credit in economics while still in high school. More importantly, the content of an AP Economics course helps students develop critical thinking skills through the understanding, application and analysis of fundamental economic concepts. Through AP Economics, students learn to apply quantitative and mathematical skills to the discipline of economics, test economic propositions empirically, improve their decision-making skills and apply economic logic to a wide variety of real world and hypothetical situations.

Students who enroll are expected to take the AP (Advanced Placement) Microeconomics test in May.

The AP Program offers two separate examinations in economics: one in **Microeconomics** and one in **Macroeconomics**. Each examination is intended for qualified students who wish to complete studies in secondary-school equivalent to a one-semester college introductory course. Students enrolled in this course will be expected to take the 2010 Advanced Placement Examination in Microeconomics.

The 2010 AP Examination in Microeconomics will be held during the afternoon session of **Thursday, May 13**. This examination is approximately two hours long, and consists of a 70-minute multiple-choice section and a 50-minute free-response section. For scoring purposes, the multiple-choice section of the test accounts for two-thirds of the student's examination grade and the free-response section for the remaining one-third.

In preparation for this examination, this course will be divided into three parts split along trimester lines: the first trimester will be devoted to the study of general economics and business organization; the second trimester will be concerned with the study of cost analysis and market structure; and the third trimester will look at resource markets and market failure. There will be approximately six tests per trimester and Trimester Examinations. Grades will be based on multiple choice test scores, essay tests scores, and in-class quizzes.

Throughout the year you will be expected to:

- Read twenty to forty pages from a college-level, economics textbook per week.
- Outline or take reading notes from the textbook assignments
- Analyze and interpret economic graphs
- Complete math equations (basic ones!)
- Answer free response questions based on economic theory
- Take one test every other week, or every three weeks

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Students enrolled in this course will begin their course preparation over the summer. The following assignment is to be completed by the first day of class.

Read “*Freakonomics*”, by Steven Levitt and Stephen Dubner.

The book can be found in local libraries, bookstores and online. Some used online copies sell for under \$10.00. The does not need to be purchased to complete the assignment.

Answer the following discussion questions (To be collected, worth 75pts)

Chapter 1 – What is an incentive? How does it relate to the study of economics?

Chapter 2 – Provide examples that illustrate how the combination of information asymmetry and fear can lead to inefficient outcomes. Explain how the introduction of the element of fear makes the problem of the information asymmetry even worse.

Chapter 3 – Based on the examples in this chapter, what does the invention of better and cheaper production methods do to the price and sales of a good or service?

Chapter 4 – The argument linking the drop in crime to the robust economy in the 1990’s would seem to be quite strong. Provide a brief explanation of what the data has to say about the viability of this explanation.

Chapter 5 – Describe the difference between normative and positive analysis. What can you learn about the utility of this distinction from this chapter on perfect parenting?

Chapter 6 – What does the California names data tell us about the similarity between the names black parents and white parents gave their children up until the early 1970’s and in the period of time since then?