

To my AP Economic students,

As we head into our summer vacation, I wanted to give you a brief description of the course expectations as well as provide you with your summer assignment. This summer assignment needs to be completed and handed in on the first day of class.

This course will move at an accelerated pace and expectations will be high. This course is intensive in reading and graphing and we will be exploring many economic theories and principles throughout the year. We will be studying current events as well, so you will want to get into the habit of staying current with the events of the world around us. Take some time this summer to get comfortable with some economic websites, such as www.economist.com and other economic sites. Another helpful site for understanding economic terms and theories is www.reffonomics.com. You may want to familiarize yourself with this site over the summer as it will be an asset to you throughout your studies next year. If this is your first AP course, you should spend some time at AP Central www.apcentral.collegeboard.com. The site has many resources for students and parents on a number of topics and it also has complete course descriptions of all the AP courses.

For your **summer assignment** you will need to watch the news and/or read newspapers or magazines and find 4 different economic events that take place between now and the beginning of the school year. You will analyze these events using Mankiw's list of Ten Economic Principles that I have provided for you. You will connect each news event to at least one of the principles in the list. Each event needs to be connected to a different principle in the list. (For a total of 4 news stories connected to at least 4 different principles.) You may find that a particular news story can be connected to more than one principal, if so, please mention that in your summary. In making this connection, I expect that you will briefly summarize your news story, then explain how it is an example of the principle you chose from Mankiw's list. Each event summary will be worth 10 points for successful completion. Your summaries should then be typed and presented in a paper that is a minimum of 2 pages long (Each summary should be about ½ page). The paper needs to be double spaced with one inch margins on the sides. You must also include the proper citations for each of the articles used in the paper. Appropriate language must be used and the paper must be checked for spelling errors. There will be a ten point deduction for not following these instructions.

For some of you, this course will be your first experience with economic terms and theories. I understand this and ask that you give your best effort in preparing this paper. This exercise will allow me to see how you make economic connections on your own and will be a great way for us to begin working together.

Have a wonderful summer and see you in the fall!

Sincerely,

Mrs. Finn- F13

Mankiw's Top 10 Economic Principles

This list gives us a look into the principles that economist Gregory Mankiw believes regulates how our economy works or should work. Hold onto this list because we will refer to it throughout the course.

1. People face trade offs.

You can't get everything you want.

2. The cost of something is what you give up to get it.

Also known as opportunity cost.

3. Rational people think at the margin.

Rational people act when the marginal benefit of an action outweighs the marginal cost of that same action.

4. People respond to incentives.

People are more likely to buy or sell if there are extras that make an offer look more attractive.

5. Trade can make everyone better off.

Transactions involve 2 parties who bring their best to the table and are happier with what they get than what they give up.

6. Markets are usually a good way to organize economic activity.

Follows the idea that markets are guided by the "invisible hand", an economic theory by Adam Smith.

7. Governments can sometimes improve market outcomes.

Government policies help to improve markets. Examples are regulations against monopolies, creation of tax incentives to control growth and correct market failures.

8. A country's standard of living depends on its ability to produce goods and services.

Our quality of life depends on our business, political, and ethical decisions. Productivity grows, so does our standard of living.

9. Prices rise when the government prints too much money.

Inflation.

10. Society faces a short run tradeoff between inflation and unemployment.

Reduction in inflation is often linked to a rise in unemployment