

AP Economics Summer Assignment

Reading & Writing Assignment – DUE Friday, August 31st

LATE ASSIGNMENTS WILL NOT BE ACCEPTED

1. Go to one of the websites listed below to find news articles about:
 - a. product markets or resource markets
 - b. the economy of United States or other sovereign nations
 - c. financial institutions or government policies
 - d. the global economy or international trade
- <http://www.economist.com>
- <http://www.nytimes.com>
- <http://www.bloomberg.com/>
- <http://www.cnbc.com/>
- <http://money.cnn.com/>
2. Read THREE (3) news articles (feature articles, not clippings) covering events that are recent, real, and relevant.
3. Copy/Paste the news article headline and link. Research any content that you do not understand.
4. Type a summary analysis of 100-200 words in length for each of the THREE (3) news articles following the format below.

Structure of Summary Analysis

1. **(1st paragraph) Summary** Copy/Paste the News Article Headline, hyperlink, and summarize the main points of the article in one paragraph at the top of the page.
2. **(2nd paragraph) Summary Analysis** In your own words, write a brief explanation of what the economic postulate means.
 - a. The Summary Analysis MUST begin with one of the lettered economic postulates (a., b., c., etc.) listed below (I, II, III, IV, V, VI).
 - b. You will use THREE (3) different lettered sentences (one for each article); so each lettered sentence is used only once.
 - c. The lettered sentence will serve as an “economic postulate”. For purposes of this assignment, an economic postulate is describing an economic truism; the news article will serve as anecdotal evidence that seemingly supports or ‘proves’ the economic postulate
3. **(3rd paragraph)** Finally, you will explain how the events described in the News Article “anecdotally prove the postulate”.
 - a. You **MUST** reference a specific part of the news article to “prove” the postulate, as you described it.

***Each article analysis should be 1-2 pages.**

Economic Postulates

- I.** People choose to do the things they believe 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.
- II.** Choices have costs – opportunity costs.
 - b.** It is the inevitable nature of choice that we give up the opportunity to have something else when we choose.
 - a.** It is as important to examine what we forgo, as well as what we will get if we choose one alternative over another.
- III.** People respond in predictable ways.
 - a.** Rational people seek positive rewards
 - b.** Rational people seek to avoid negative consequences.
- IV.** 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 an economic system is governed by both written and unwritten rules
 - c.** When rules change, incentives change; when incentives change, choices change.
- V.** 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 results in increased total output.
- VI.** The consequences of choices lie in the future.
 - a.** We cannot change the past but we can influence the future.
 - b.** Every choice or decision we make is based on prediction of what the benefit and cost of our alternatives will be.
 - c.** The more information we have about alternatives, the better our predictions tend to be.

AP Economics Vocabulary (Section 1)

(This section of the summer assignment is optional. However, by reviewing these terms and becoming familiar with them, it will provide you with a head start in the course). Write the definition for the words listed below. You may choose how you would like to do this but I recommend you choose a method that will help you review and memorize these terms (notecards, Quizlet).

1. Economics
2. Individual choice
3. Economy
4. Market economy
5. Command economy
6. Incentives
7. Property rights
8. Marginal analysis
9. Resource
10. Land
11. Labor
12. capital
13. entrepreneurship
14. scarcity
15. opportunity cost
16. microeconomics
17. macroeconomics
18. economic aggregates
19. positive economics
20. normative economics
21. business cycle
22. depression
23. recessions
24. expansions
25. labor force
26. unemployment rate
27. output
28. aggregate output
29. inflation
30. deflation
31. price stability
32. economic growth
33. model
34. other things equal assumption
35. trade-off
36. production possibilities curve
37. efficient
38. productive efficiency

39. allocative efficiency
40. technology
41. trade
42. gains from trade
43. specialization
44. comparative advantage
45. absolute advantage
46. terms of trade
47. variable
48. causal relationship
49. independent variable
50. dependent variable

AP Economics Vocab (Section 2)

1. competitive market
2. demand schedule
3. quantity demanded
4. demand curve
5. law of demand
6. change in demand
7. movement along the demand curve
8. substitutes
9. complements
10. normal good
11. inferior good
12. individual demand curve
13. quantity supplied
14. supply schedule
15. supply curve
16. law of supply
17. change in supply
18. movement along the supply curve
19. input
20. individual supply curve
21. equilibrium
22. equilibrium price
23. market-clearing price
24. equilibrium quantity
25. surplus
26. shortage
27. price controls
28. price ceilings
29. price floor
30. inefficient allocation to consumers
31. wasted resources
32. inefficiently low quality
33. black market
34. minimum wage
35. inefficient allocation of sales among sellers
36. inefficiently high quality
37. quantity control or quota
38. license
39. demand price
40. supply price
41. wedge
42. quota rent
43. deadweight loss