

## **AP Economics**

### **Suggested Summer Assignment 2019**

Welcome to AP Econ!

This course is made up of 10 units. At the beginning of each unit, you will create a glossary of terms you'll need to know for that unit. This is your very first one!

Directions: Using the Unit Overview on the next page, create a glossary (an alphabetical list of terms or words found in or relating to a specific subject, with explanations) for Unit 1. Your glossary should include the term, definition, and examples, diagrams, graphs, or other visuals that pertain to the term. This glossary will stay in your binder at the start of each unit to use as reference while we learn new material. You may choose to set up your glossary as an outline, chart, or list, but be sure to include visuals wherever applicable.

**Due Date:** Monday 9/9/19

# Unit 1: Overview

## Big Ideas/Enduring Understandings

### 01. Students will examine core economic concepts in order to apply economic reasoning.

- *Apply the concepts of scarcity, choice, incentives, and opportunity cost.*
- *Analyze the production possibilities curve.*
- *Analyze the connection between specialization and trade.*
- *Contrast how economic systems answer the basic economic questions.*
- *Analyze the effects of property rights.*
- *Analyze the circular flow model.*
- *Analyze demand, supply, and market equilibrium.*

## Essential Questions

How does economics provide a framework for analyzing human behavior as it responds to scarcity and economic decisions?

## Unit Vocabulary

absolute advantage	imports	opportunity cost	Adam Smith	incentives	positive statement
<i>ceteris paribus</i>	income	price expectations	circular flow diagram	income effect	production possibilities curve
command economy	inefficient	quantity demanded	comparative advantage	inferior good	regulation
competition	input costs	scarcity	competitive market	interdependence	quantity supplied
complementary goods	invisible hand	self-sufficiency	consumer tastes (preferences)	law of demand	self-interest
costs and benefits	law of supply	shift in supply	demand	law of supply and demand	shift in demand
demand curve	macroeconomics	subsidy	demand schedule	margin	shortage
determinants of demand	marginal analysis	substitution effect	determinants of supply	marginal benefit	substitute goods
diminishing marginal utility	marginal changes	supply curve	economics	marginal cost	supply
efficiency	market	surplus	equilibrium	market economy	supply schedule
equilibrium price	microeconomics	traditional economy	equilibrium quantity	mixed economy	trade-offs
equity	normal good	variable	excise tax	normative statement	utility
exports	number of buyers (population)				