AP Microeconomics Summer Assignment

Oakbrook Preparatory School, 2019-2020

*The Travels of a T-shirt in the Global Economy* is an investigation by economist Pietra Rivoli into the life of a cheap t-shirt she bought in Florida from its fibers’ growth as a cotton plant in Texas to its manufacturing overseas, travel to market back in the United States, and even the international markets for used American clothing after she donates it to the Salvation Army one day. You may find a copy on Amazon for under $5 (Please try to obtain one of the more recent editions- 2nd or later). Dr. Rivoli’s interesting study takes you into the ingenuity of Texas cotton farmers and the evolution of agricultural production over time, the fierce global competition for cheaper manufacturing labor, and the changing contours of international trade policy over time. I cannot think of a better work to introduce you to fundamental microeconomic principles and provide you with concrete examples of how they play out in real markets (sometimes with the intended theoretical effects, and often not). Another plus is that our home region of Upstate South Carolina and the broader Piedmont region of the Southeastern United States has played a prominent role in the story of the international textile industry in the twentieth century, a story which touches members of my own family and most likely many of yours. You will repeatedly read about South Carolina in this book and may even recognize some local figures, politicians, or businesses.

**Given your limited knowledge of economic terms and concepts prior to this class, your assignment is basically a general book report (with room for discretion) proving that you have engaged with the material in this book. The report should be in the form of a 4-5 page paper, typed in 12 point Times New Roman font with 1 inch margins. While the story is interesting, the book clocks in around 250 pages and you may need to look up some terms along the way, so don’t procrastinate too much! That being said, I am very aware that you will not fully understand some of the reading… That is expected! The point of this introductory assignment is to demonstrate your engagement with the material, NOT your mastery of it. I have bulleted some suggestions for topics of discussion as well as questions you should address in your paper. You should be prepared to turn this in during the first week of class. We will regularly refer back to the examples provided in this book for the remainder of the year, so it is critical that you read it.**

* Interactions of supply and demand
* Different types of economic markets
* Different types of costs (not simply monetary)
* The effects of market competition
* The importance of private property rights
* The importance of prices in markets
* Differences between free trade and protectionism
* How markets change over time (both domestic and international)

**Questions** (you should address most, if not all, of these in your paper with respect to length and depth of analysis and you MUST do #9 & #10):

1. According to Rivoli, why has the U.S. dominated cotton production for the last 200 years?

2. What have been the effects of technological advancement on the production of cotton and other textiles? Give a specific example.

3. Which parts of American history you have studied factor into the production of textiles? How?

4. What particular groups have historically been sought out for cotton manufacturing labor? Why?

5. According to Rivoli, why are jobs in apparel manufacturing decreasing all around the globe?

6. What does the author mean by the oft-repeated phrase “race to the bottom”?

7. What is an “externality”? How do governments usually respond to this? Give an example.

8. According to Rivoli, how have U.S. politicians been hypocritical when it comes to free trade policies? Give an example. How has this changed over time? Is this pertinent today?

\*9. After reading the evidence presented in the book, which of the author’s points do you agree or disagree with? What questions are you left with?

\*10. Reflect on the different perspectives presented in this work and how it has broadened your understanding of economics or challenged your perspective on the functioning of markets prior to reading this book.

**\*Numbers 9 & 10 should receive considerable attention in your paper, essentially forming the conclusion.**