Monroe Township High School
AP Macroeconomics Summer Assignment 2014

Ms. Terri Weiss
tweiss@monroe.k12.nj.us
Business Department
www.msweissmonroeapmacro.pbworks.com

Textbook

Course Description
AP Macroeconomics will provide students with a thorough understanding of the principles of economics that apply to an economic system as a whole. The course places particular emphasis on the study of national income and price-level determination, and also develops students’ familiarity with economic performance measures, the financial sector, stabilization policies, economic growth, and international economics. The course will also look at macroeconomic issues such as the political impact on economic systems and the economic decision making process as well as through current events and global trends.

Summer Assignment Overview
The Monroe Township High School Business Department has designed this assignment to adequately prepare you for your enrollment in the AP Economics Program this school year. This assignment will consist of two parts: Part One will center its focus on fundamental economic principles and applications. Part Two will feature course specific (Micro or Macro) tasks that will assess your preexisting knowledge of economics and provide you with an opportunity to begin exposing yourself to the material that you will be presented.

Part 1: Fundamental Economic Principles

A. Reading Assignment
   Read Chapter 1: Limits, Alternatives and Choices [including summary] – pages 4 – 21
   Read Chapter 1 Appendix: Graphs and Their Meaning [including summary] – pages 24 – 28

B. Concept Review
   For each learning objective, write a 2-3 sentence summary in response to the objective.
   1. Define economics and the features of the economic perspective.
   2. Describe the role of economic theory in economics.
   3. Distinguish microeconomics from macroeconomics and positive economics from normative economics.
   4. Explain the individual’s economizing problem and how trade-offs, opportunity costs, and attainable combinations can be illustrated with budget lines.
   5. List the categories of scare resources and delineate the nature of society’s economizing problem.
   6. Apply production possibilities analysis, increasing opportunity costs and economic growth.
   7. Explain how economic growth and international trade increase consumption possibilities.
   8. Understand graphs, curves and slopes as they relate to economics.
C. Practice
1. Potatoes cost Janice $1 per pound, and she has $5.00 that she could possibly spend on potatoes or other items. If she feels that the first pound of potatoes is worth $1.50, the second pound is worth $1.14, the third pound is worth $1.05, and all subsequent pounds are worth $0.30, how many pounds of potatoes will she purchase? What if she only had $2 to spend?

2. Below is a production possibilities table for consumer goods (automobiles) and capital goods (forklifts):

<table>
<thead>
<tr>
<th>Type of Production</th>
<th>Production Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Automobles</td>
<td>0</td>
</tr>
<tr>
<td>Forklifts</td>
<td>30</td>
</tr>
</tbody>
</table>

a. Show these data graphically. Upon what specific assumptions is this production possibilities curve based?

b. If the economy is at point C, what is the cost of one more automobile? Of one more forklift? Which characteristic of the production possibilities curve reflects the law of increasing opportunity costs: its shape or its length?

c. If the economy characterized by this production possibilities table and curve were producing 3 automobiles and 20 fork lifts, what could you conclude about its use of its available resources?

d. Is production at a point outside the production possibilities curve currently possible? Could a future advance in technology allow production beyond the current production possibilities curve? Could international trade allow a country to consume beyond its current production possibilities curve?

3. Because investment and capital goods are paid for with savings, higher savings rates reflect a decision to consume fewer goods for the present in order to be able to invest in more goods for the future. On average, households in China save 40 percent of their annual income each year, whereas households in the United States save less than 5 percent. Production possibilities are growing at roughly 9 percent annually in China and 3.5 percent in the United States. Use graphical analysis of “present goods” versus “future goods” to explain the differences in growth rates.

4. Construct a table from the data shown on the graph. Which is the dependent variable and which the independent variable? Summarize the data in equation form. Explain what the graph depicts.

D. Reflection
Write one paragraph reflection for Chapter One and Chapter One-Appendix that rates your level of comfort on a scale of one-to-five (five being the most comfortable). Discuss areas that you are struggling with and areas that you feel the most comfortable.
Part 2: Application of Concepts

A. Current Events

Find 2 current events [written articles from a trusted news source published between June 24-September 1, 2015]. Each article must relate to the economy of the country or state of NJ. Articles should address one of the following topics: unemployment, government revenue, government spending, monetary policy, fiscal policy, banking or inflation.

For each article, write a 300 word minimum summary that includes the following:
1. A summary of the article.
2. The economic theory being tested.
3. The individual or societal economizing problem at hand.
4. Why it was important to publish the article.

A bibliographic citation or a copy of the article must be included.

The assignment must be submitted on the first day of class [September 3rd / A Day Class or September 4th / B Day Class]. It will be graded as a project grade using the following rubric:

<table>
<thead>
<tr>
<th>EXCELLENT</th>
<th>VERY GOOD</th>
<th>GOOD</th>
<th>POOR</th>
<th>NOT ATTEMPTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>B CONCEPT REVIEW</td>
<td></td>
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<td></td>
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</tbody>
</table>
- 2-3 well constructed sentences summarizing the learning objectives
- presented in your own words and paraphrasing
- proper grammar, spelling and neatly presented |
| C PRACTICE |
- complete response to each practice problem
- clearly demonstrated understanding on economic concepts
- required visuals must be included and labeled |
| D REFLECTION |
- thoughtful reflection of learning
- proper grammar, spelling and neatly presented |
| CURRENT EVENTS |
- complete summary of article and inclusion of economic theory, economizing problem and importance of article
- 300 words minimum
- proper grammar, spelling and neatly presented |

TOTAL:

There will be an assessment on this material on the second day of class [September 8th / A Day Class or September 9th / B Day Class].