

Dunwoody High School
AP Macroeconomics
Summer Assignments – 2018-2019

Directions: carefully read the assigned text and complete the assignments according to the instructions listed below. **Plagiarism or “work sharing” of any kind for any part of this assignment will result in a zero for the assignment and an academic referral.** If your financial situation does not allow you to purchase the workbook or Naked Economics, please contact Mr. Meador, Mrs. Lampron, or Ms. Bruce at charles_c_meador@dekalbschoolsga.org, laura_j_lampron@dekalbschoolsga.org, or jaisha_bruce@dekalbschoolsga.org.

ALL work is due on the first day of school. Schedules may change over the summer.

Assignment, Part I

Please **purchase** a **new** student copy of the workbook pictured below. We will use this workbook extensively over the course of the semester for classwork and homework. You must have the workbook on the first day of class.



*Advanced Placement Economics: **Macroeconomics**: Student Resource Manual, 4th. Ed by Margaret A. Ray*

*Make sure you purchase the STUDENT EDITION! This workbook is available for **\$24.95** from the Council for Economic Education store:

<http://store.councilforeconed.org/products/advanced-placement-macroeconomics-4th-edition-student-manual>

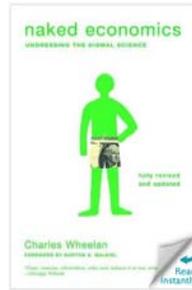
Assignment, Part II

Please bring the following materials to class on the **first day** of school.

- Workbook (Advanced Placement Economics: Macroeconomics Student Resource Manual, 4th Edition)
- Composition book for warm-up assignments
- 3-ring binder with 5 tabbed sections
- Loose-leaf notebook paper (wide or college-rule OK)
- Pencil(s)
- Pens (1 blue or black and 1 red)
- Ruler (optional but helpful)
- Graph paper (optional but helpful)

Assignment, Part III

1. **Purchase*** and **read**. *Naked Economics* by Charles Wheelan, which is available in paperback and audio format from a number of vendors. It is okay to read an older edition (green cover) of this book as the concepts don't change.



2. In size 12 Times New Roman Font or neatly hand written, complete the **Essential Questions** pertaining to each chapter. The format of your paper must be the same as the format of the questions. Your responses should be at least 2-3 sentences for each question and in your own words (not the author's). Your study guides will be collected on the first day of class. This portion of the summer assignment will comprise 50% of your summer assignment grade.
3. During the first week of class, you will be given an assessment on *Naked Economics*. You will not be tested on your full understanding of the concepts but rather on whether or not you read and gained meaning from the text. If you did your summer reading and were focused while reading, you should be fine on this assessment. This portion of the summer assignment will comprise 50% of your summer assignment grade.

“NAKED ECONOMICS” – ESSENTIAL QUESTIONS

Chapter 1: The Power of Markets

1. What are the two basic assumptions that economists make about individuals and firms?
2. What is the role and significance of prices in the market economy?
3. What's so great about a market economy anyway?

Chapter 2: Incentives Matter

1. Why do incentives matter?
2. How do governments use incentives to create good and bad policies?

Chapter 3: Government and the Economy

1. In your own words, explain what an externality is.
2. Besides addressing externalities, what other important and beneficial roles does government play in our economy?

Chapter 4: Government and the Economy II

1. What are the main reasons why government should take only a limited role in a market economy?

Chapter 5: Economics of Information

1. Basic economic models assume that all parties have “perfect information”. How does “informational asymmetry” undermine our market economy?

Chapter 6: Productivity and Human Capital

1. After reading Wheelan's argument, do you agree that Bill Gates should be so much richer than you? Why/why not?

2. Evaluate the following statement from pg. 113: “We should not care about the gap between the rich and the poor as long as everyone is living better.”

Chapter 7: Financial Markets

1. Explain how get rich quick schemes violate the most basic principles of economics.
2. What advice about the stock market did you find most useful and/or interesting?

Chapter 8: The Power of Organized Interests

1. Why have mohair farmers earned a subsidy from the Federal Government for decades?

Chapter 9 : Keeping Score

1. Why is a nation’s GDP a good measure of its economic well-being and progress?
2. Why is a nation’s GDP a poor measure of its economic well-being and progress?

Chapter 10: The Federal Reserve

1. What is the primary role of the Federal Reserve?
2. What is the significance of this role?
3. What is deflation, and why is it worse than inflation?

Chapter 11: International Economics

1. Why does the PPP differ from the exchange rate?

Chapter 12: Trade and Globalization

1. What is the “good news about Asian sweatshops”?

Chapter 12: Development Economics

1. After reading the chapter, what do you believe are the two greatest obstacles preventing poor countries from becoming rich?

Epilogue: Life in 2050

1. What economic question do you have about life in 2050? What about today’s economy?