AP Macroeconomics Summer Reading:
2023-2024

First of all: please email me at gmatesich@oconeeschools.org if you have any questions or concerns about the summer assignment. Your summer assignment has 2 parts. Part 1 is reading a chapter from an online free textbook and answering 28 questions. Part 2, is completing a short math assignment (25 questions) that will give you a small idea of what is expected of you in terms of math for this course. You will be quizzed over this material on your 3rd day in class. (Wednesday August 10th for A day and Thursday August 11th for b-day).

Part 1: Summer Reading Book:

- Principles of Economics by Steven A. Greenlaw and David Shapiro. Published by Openstax
  - Good News! You don't have to purchase this book! Under Creative Commons licensing, this is free for you to download. You can find this entire textbook on my Canvas page by following the Summer Assignment link. You can also find it at this link:

    Summer Assignment Text (Note:if this link does not work simply email me and I can share the resource with you)

    Please Note: you must access it through your North Oconee Google account (Student email) This book is actually used by some courses as a textbook. However, we will be using this to introduce you to the field of economics. Only chapter 1 of this book will be assigned as a summer assignment, while other parts will be used throughout the class as supplemental assignments.

Assignment Directions: Complete the chapter 1 reading. Then, answer questions 1-28 at the end chapter. If you want to submit the questions early, you can do so via email to gmatesich@oconeeschools.org. This assignment will be due on your first day of class.. **Late assignments will have 10 points deducted for every day it is late, up to a max of 30% off**. Assignments can be submitted via email as an attachment of a picture or a pdf of a typed document, saved in the following format: LastName, FirstName—Chapter (e.g., Matesich, Gavin—Lesson 1). **Please DO NOT send as a Google Doc!** This makes it easier for me to grade if it is a PDF instead. Since you will be drawing diagrams, I encourage you to handwrite your answers, take a picture with your phone and email me the pictures. So, breaking it down the assignment is this:

1. Read the selected chapters from *Principles of Economics 2e* and answer the questions at the end of each chapter in the textbook. Read
   Chapter 1 pgs. 9-22 (pgs 20-35 if you are using the page turner tool)
   - Answer Questions 1-28 on pg 24 and 25 (34 and 35 if you are using the page turner tool)
     pgs. 24-25 (Note this will be page 34 and 35 according to the digital page turning tool)
     - Due Date= **Your first day of Class. August 2nd or 3rd Depending on if you have class on A or B day.**

Part II: Read and complete the following math problems:

Percent Change
This is the most common equation used in this class—any time you are asked to find rates (inflation, unemployment, GDP growth, growth in money supply, etc.), you will use the Percent Change equation. Here is the equation:

$$\textbf{Percentage Change} = \frac{\textbf{Difference in two values}}{\textbf{Original Value}} \times 100$$

So, for example, let's say that you are asked to figure the percent change in price of an item.

Example #1—The price of a pizza at Papa Shook's Pizza is normally $8. However, due to a shortage in cheese, tomatoes, and pepperoni, the price of pizza ingredients increased. Papa Shook decides to increase the price of his pizzas to $12. What is the percent change in price?

This is pretty simple . . . the difference in the two values is $4. The original value is $8. So, the percent change in price is 0.5 or 50%.

Percentage Change Problem Set

Instructions: Instead of long problems, I am going to give you before and after numbers. What is the percent change in the two variables? Remember, a decrease in percent change is a negative number.

1. Find the percent change for each of the following:
   a. Before--$10; After--$12
   b. Before--$12; After--$10
   c. Before--$15; After--$12
   d. Before--$12; After--$15
   e. Before—75 barrels of oil; After—50 barrels of oil
   f. Before—50 pencils; After—75 pencils

Decimals and Fractions

The next most common math that you have to do on a regular basis in Econ is dividing fractions by fractions or dividing decimals by decimals (usually the latter, because apparently everyone but me hates fractions). This is pretty straightforward as well.

Two of the equations you deal with come from Fiscal Policy towards the end of the course, but they illustrate the concept well. Here are the equations: MPC + MPS = 1 so,

$$\textbf{Spending Multiplier} = \frac{1}{\textbf{(1 – Marginal Propensity to Consume)}} \quad \textbf{OR} \quad \frac{1}{\textbf{(Marginal Propensity to Save)}}$$

$$\textbf{Tax Multiplier} = \frac{\textbf{Marginal Propensity to Consume (MPC)}}{\textbf{Marginal Propensity to Save (MPS)}}$$

Example #2—This is very straightforward and not like a problem in class where you will have to pull the information from a longer problem, but I want to make it easier on you so here goes: Assume the marginal propensity to consume (MPC) is 0.8 (thus MPS would have to be 0.2). What is the Spending Multiplier is this is the case? The tax multiplier?

So, the spending multiplier would be 1/0.2. What would this be? Well, all you have to do is move your decimal to the right to make it a more manageable number so that would make it 10/2 which of course is 5.

For the tax multiplier, that would be 0.8/0.2 or 8/2. This of course would be 4.

Decimals and Fractions Problem Set

Instructions: Just like before, instead of long problems, I am going to give you the MPC. You are to find the Spending and Tax Multiplier. Show ALL work, and remember, NO calculators!

2. MPC=0.5
3. MPC=0.75
4. MPC=0.8
5. MPC=0.9

Miscellaneous Problems

Instructions: Complete the following by simplifying the following expressions (show all work—that means EACH step). For example, if the problem is 0.75/0.75, you should show your work like this 0.75/0.75 = 75/75 = 1:

6. 1/0.1
7. 1/0.25
8. 1/0.5
9. 1/0.2
10. 0.75/0.25
11. 0.8/0.2
12. 0.9/0.1
13. 0.5/0.5
14. 8/80
15. 12/80
16. 16/80
17. 15/150
18. 3/20
19. 0.8/8
20. 1.6/8
21. 1.5/15
22. 1.2/8
23. 0.3/2
24. 8/0.8
25. 8/1.6

Plagiarism: Since this assignment can be typed, there will be a tendency among some to plagiarize or "work together." This assignment is intended to be an opportunity to delve into the foundational information of this course and allow you to think about these situations and examples and respond—developing your critical thinking skills and helping you think like an economist. Discussing with one another is fine and even encouraged, but "dividing and conquering" is unacceptable. I will be checking thoroughly for this and any hint of this will result in a discipline referral as per school policy, and you will receive ISS. You will not receive credit for this assignment, and will be given another one in its place. Plagiarism also extends to answers you have copied from internet sources (ie quizlet). The answers to these questions are available on the internet but you will notice many of the questions ask you for **Your Own Examples**. After three years of reading hundreds of summer assignments I have become overly familiar with answers that people copy from the internet. **If any of your answers are copied from internet sources you will get "0" on the summer assignment.**

Good Luck and please email me with any questions! Some of this material is challenging and it is entirely possible you may have questions or need some help!

Sincerely,

Matesich