

AP Macroeconomics Summer Assignment.

Please complete the attached assignment by the end of our first week of school (9/8/23).

Since AP Macroeconomics will squeeze a college level class into just one semester, we'll need to work efficiently to cover all of the necessary course material. The attached summer assignment will help us "hit the ground running" in September, by familiarizing you with the basic economics concepts of our first unit. To complete the assignment, you should print out the attached worksheets and complete them as you watch Jacob Clifford's YouTube video: "Macro Unit 1 Summary- Basic Economic Concepts (Revised 2020)" <https://www.youtube.com/watch?v=myeLTXMEhC4>. The video moves VERY fast, so be sure to pause it often and rewatch parts to help you complete the assignment. It is likely that you will find some parts of the worksheets easy and straightforward, and other parts frustrating and complicated. I ask only that you do your best to try to make sense of these concepts. I care much more about the process than the results (ie. Try your best to understand these concepts...rather than worry about filling out the worksheets and getting the correct answers). If you get stuck, Jacob Clifford has lots of great YouTube videos to navigate to. Also, we will review all of these concepts in the Fall...so DON'T PANIC! Just try your best and I'll see you in September!

--Mr. Hunt

AP Macroeconomics Unit One Summer Assignment

These worksheets should be used in conjunction with Jacob Clifford's YouTube video:

"Macro Unit 1 Summary- Basic Economic Concepts (Revised 2020)"

<https://www.youtube.com/watch?v=myeLTXMEhC4>

1. Define Scarcity:

2. What is the difference between Microeconomics and Macroeconomics?

3. Define Capital Goods vs Human Capital:

4. Identify the four factors of production:

5. What are the three economic questions every society must answer?
 - 1.
 - 2.
 - 3.

6. Explain the difference between a centrally planned economy and a market economy:

■ Topic 1.2- Opportunity Cost and the PPC

Use the chart to create a PPC on the graph. Label a point showing each of the following: I = Inefficient, X = Efficient, U = Unattainable

	A	B	C	D	E
Capital goods	0	1	2	3	4
Consumer goods	30	29	25	15	0



7. What is the opportunity cost for moving between these combinations?

From A to B	From E to D
From B to C	From C to A

8. Assume combination D was produced rather than combination B. Will this economy's growth rate increase, decrease, or stay the same? Explain. (hint: more capital goods = more growth)

9. Products with opportunity cost have similar resources and result in a straight line PPC. Products with opportunity cost have different resources and result in a bowed out PPC.

■ Topic 1.3- Comparative Advantage and Trade

10. There are two types of comparative advantage questions: questions and questions.

The table shows the number of planes and cars each country can make with the same number of resources. **OUTPUT**

	Number of Planes	Number of Cars
Italy	10	40
Germany	25	50

11. Which country has an absolute advantage in planes?
12. What is Italy's opportunity cost for producing one car?
13. Which country has a comparative advantage in producing planes? Explain.
14. Identify the terms of trade that can benefit both countries.

1 plane for cars

The table shows the number of hours it takes to produce one ton of beef or one boat. **INPUT**

	Ton of Beef	One Boat
Chile	20 (1beef = 1/3 boats)	60 (1 boat = _____ beef)
Brazil	10 (1 beef = _____ boats)	20 (1 boat = 2 beef)

15. Which country has an absolute advantage in beef?
16. What is Chile's opportunity cost for producing beef?
17. Which country has a comparative advantage in producing boats? Explain.
18. Identify the terms of trade that can benefit both countries.

1 boat tons of beef

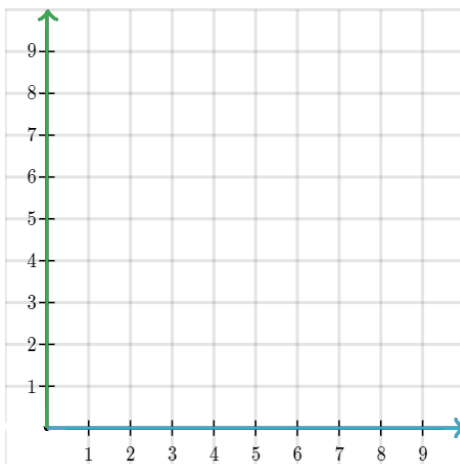
19. The law of demand states that there is an inverse (negative) relationship between _____ and _____.

20. What are the five shifters of demand?

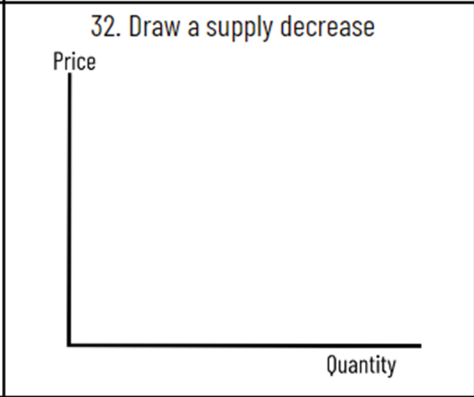
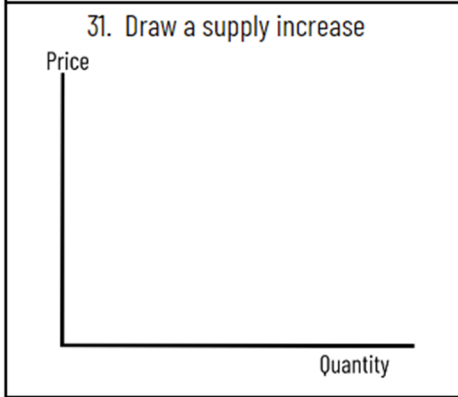
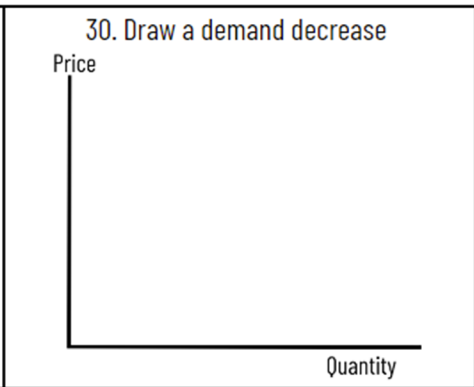
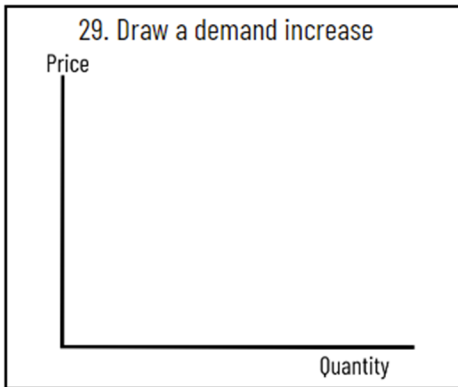
- 1.
- 2.
- 3.
- 4.
- 5.

21. The law of supply states there is a direct (positive) relationship between _____ and _____.

Graphing Supply and Demand of Pizza

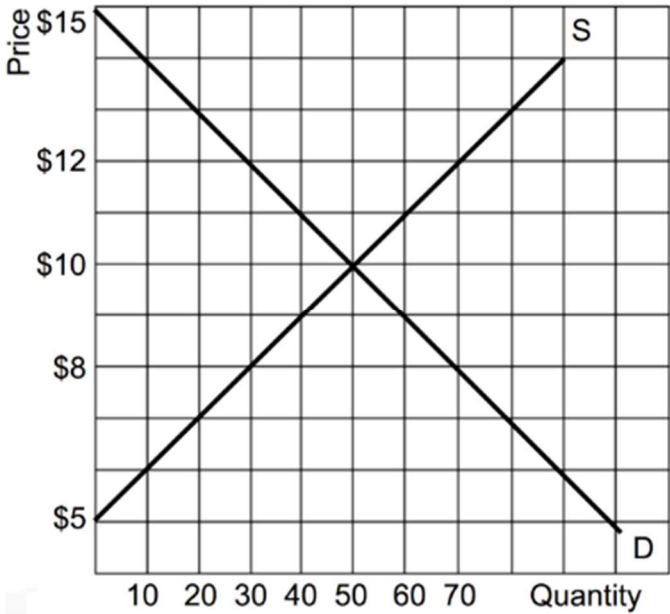
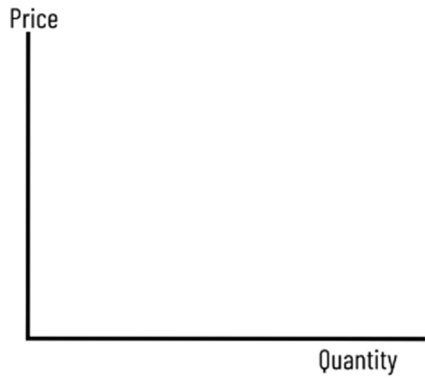


22. On the graph to the left, label the Y-axis "Price"
23. Label the X-axis "Quantity"
24. Draw a downward sloping demand curve
25. Draw an upward sloping supply curve
26. Label the intersection of the demand and supply curves "equilibrium."
27. At the equilibrium point, what is the price of pizza?
28. At the equilibrium point, what is the quantity demanded?



33. What is the double shift rule?

34. Draw an increase in demand AND an increase in supply. What happens to the equilibrium price and quantity?



Use the market for pizza to the left to complete the following:

- 35. What is the price of pizza at equilibrium? (where supply=demand)
- 36. What is the quantity demanded of pizza at equilibrium?
- 37. Calculate the amount of the shortage when the price is \$8 (hint: shortage is quant. demanded – quant. supplied)
- 38. Calculate the amount of the surplus when the price is \$11 (hint: surplus is quant. supplied – quant demanded)
- 39. Explain the difference between a change in demand and a change in the quantity demanded.