**AP Economics Syllabus**

This syllabus contains all of the chapter assignments for your homework.

**Homework Format:  
\*\*\*\*Using the Barron's 6th edition Review Book to complete all of the Homework\*\*\*\*  
  
1)** Get a **separate folder** to use for **JUST HW** and to use the HW to create an AP Test study book. You may also use a **separate spiral notebook.**  
  
2) For every HW, **complete fully typed** (except if you use a spiral noteboo)

**3) ALL formulas and graphs must be hand-written**.

4) **Write all questions** in the guided notes and graphing sections.

5) HW will be due on the day of the Unit Test.

6) Tests will include material from the classwork and the homework  

7) Follow **ALL of the instructions** for each homework and chapter. The instructions **must be followed specifically**.

**Rubric**

|  |  |  |  |
| --- | --- | --- | --- |
| **A – 100** | **B – 85** | **C – 75** | **D - 60** |
| * All parts of the project are completed and followed directions * All parts of the project are thoroughly done * All parts of the project demonstrate thorough understanding * Project is handed in on time | * All parts of the Homework are completed * Most parts of the homework are done well * Most parts of the homework demonstrate good understanding * Homework is handed in late (all late homeworks will receive an 85 as an automatic starting grade) | * Parts of the homework are incomplete * Parts of the homework are vague/unclear/do not follow directions or demonstrate understanding * Homework is excessively late | * Large parts of the homework are incomplete, do not follow directions, vague, unclear * Homework is excessively late |

**Homework #1: Chapter 2 and Chapter 3: Introduction to Economics**

**Read Chapter 2:**

**Chapter 2 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Why is economics defined as the study of scarcity?
2. What is the difference between Macroeconomics and Microeconomics?
3. What is the difference between positive and normative economics?
4. Identify the three types of resources and briefly explain what each constitutes
5. What is the concept of opportunity cost?
6. How is opportunity cost calculated for input? For output?
7. What is the law of increasing costs? Under what kind of situation would two products be at increasing costs?
8. What is absolute advantage? How is it determined?
9. What is comparative advantage? How is it determined?
10. What is specialization? How is comparative advantage used to determine specialization?
11. How does comparative advantage and specialization create increased efficiency?

**Chapter 2 Part II: Graphs: Production Possibility Curves**

1. Draw a Production Possibilities Curve
   * Explain how this graph is used to illustrate opportunity cost?
   * Why is opportunity cost the slope of the graph?
   * What are the determinants of the graph?
2. Draw three different PPC’s: Constant, Concave and Convex – Explain the difference between the three
3. On a separate graph illustrate the PPC shifting to the right
   * Explain what would cause the graph to shift right?
4. On a separate graph illustrate the PPC shifting to the left
   * Explain what would cause the graph to shift left?
5. On a separate graph draw a point inside the PPC.
   * Explain why that point would illustrate recession/unemployment
6. On a separate graph draw a point outside the graph
   * Explain why that point is unobtainable with current resources
   * Explain how this point might be achievable with trade between nations

**Chapter 2 Part III: Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 2 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Illustrate formula and math for at least #’s 3,4,9,10
* Use graph and explanation for at least #’s 5, 11,12,13, 14
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I, II, II

**Read Chapter 3:**

**Chapter 3 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What are the three fundamental economic questions? Why must each society answer them?
2. What is the difference between a command economy and a capitalist economy in how each society answer the fundamental questions?
3. What is a Mixed Economy? To what extent is the United States a mixed economy?

**Chapter 3 Part II: Graphs: The Circular Flow Diagram**

* Illustrate the circular flow model
* What is the Resource/Input/Factor market? What occurs there?
* What is the Goods and Service/Product/Output Market? What occurs there?
* Why is the flow of money in the circular flow model counter clock wise?
* How can government play the role of both household and business?

**Chapter 3 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary at the end of the chapter

**Chapter 3 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 13, 14, 15
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words.

**Homework #2: Chapters 4 and 5: Supply, Demand and Elasticity**

**Read Chapter 4**

**Chapter 4 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What is the law of demand?
2. What is the difference between “change in” demand vs. “change in quantity” demanded?
3. What are the determinants of demand changing regardless of price? Describe each one.
4. What is the law of supply?
5. What is the difference between “change in” supply vs. “change in” quantity supplied?
6. What are the determinants of supply changing regardless of price? Describe each one.
7. What is equilibrium/market price? How is it a product of supply and demand?
8. What is equilibrium/market quantity? How is it a product of supply and demand?
9. What is disequilibrium? How does disequilibrium return to equilibrium?
10. What is indeterminate equilibrium price or quantity? How does this occur?

**Chapter 2 Part II: Graphs: Supply and Demand**

1. Draw a Demand Curve. Explain what makes it shaped the way it is.
2. Draw a Supply Curve. Explain what makes it shaped the way it is.
3. Draw the Supply and Demand Graph
4. Draw 4 separate **full Supply and Demand** graphs of supply shift left, supply shift right, demand shift left, demand shift right. For each graph fully label:
   * The change in equilibrium price and quantity using p’s, q’s e’s, arrows and dots
5. Draw a Price Floor with an explanation of what it is, why is it illustrated how it is graphically and how it affects the economy?
6. Draw a Price Ceiling with an explanation of what it is, why it is illustrated how it is graphically and how it affects the economy?
7. Copy Table 4.1 **Effects on Price and Quantity** and graph **each situation** using two separate graphs (one for supply shift and one for demand shift – 2 graphs per row/8 total) Illustrate p’s,q’s,e’s, arrows clearly.

**Chapter 4 Part III:** **Vocabulary and Formulas**

* Write down all vocabulary words

**Chapter 4 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 1,2,3,4,5, 6, 7, 8, 10
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I, II, III

**Read Chapter 5**

**Chapter 5 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What is elasticity?
2. What is total revenue? How do changes to Total Revenue illustrate if a product is unit elastic, elastic or inelastic?
3. Copy Chart 5.1, 5.2 and Price/Total Revenue and Price of Elasticity of Demand Chart
4. What are the three questions that determine elasticity? How do they determine elasticity?
5. What is cross-price elasticity? How does it affect the elasticity of a product?
6. What is income elasticity? How does it affect the elasticity of a product?
7. What is the tax incidence (impact of taxes)?
8. If a product is inelastic, why would consumers pay the tax?
9. If a product is elastic, why would producers pay the tax? How might this affect workers?
10. Based on numbers 6 and 7 why are policies that raise taxes not good for the economy?
11. How does international trade affect consumers? Producers?
12. What is the difference between an excise tax, tariff and quota? How do they affect consumers? Producers? \***(We will be returning to these topics [and their graphs] in international economics at the end of the course)**

**Chapter 5 Part II: Graphs: Elasticity Graphs**

1. Draw an elastic demand graph vs. an inelastic demand graph and explain how the two concepts are illustrated graphically.

**Chapter 5 Part III: Vocabulary and Formulas**

* Write down ALL of the vocabulary. You DO NOT need the formulas for this chapter

**Chapter 5 Part IV:** Multiple Choice and Free Response

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer

**\*\*\*Marginal Utility may be on the test as a concept, but not the math of it; complete all of the questions anyway as practice (you may take Micro in college!)**

**Homework #3: Chapters 12 and 13: Measuring Economic Health**

**Read Chapter 12:**

**Chapter 12 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each:**

1. What is GDP?
2. What is the Expenditure Approach to measuring GDP? Write down the formula. Identify and Describe Consumer Expenditures, Government Expenditures, Investment Expenditures, Exports and Imports (Net Exports)
3. What is the Income Approach to measuring GDP?
4. What is the difference between nominal and real GDP? Why is it important to convert nominal GDP into Real GDP?
5. Explain why GDP does not count the following:
   1. Underground Economy
   2. Secondhand sales
   3. Financial Transactions (stocks and bonds)
   4. Intermediate sales
6. What is the difference between GDP vs. GNP?
7. What is GDP per Capita? How does it illustrate standard of living?

**Chapter 12 Part II: Graphs: No Graphs**

**Chapter 12 Part III: Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 12 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Illustrate formula and math for at least #’s 6,7,8, 13
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words.

**Read Chapter 13:**

**Chapter 13 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What is inflation?
2. What is the CPI? How is it used to measure inflation and the inflation rate? Write down the CPI and Inflation Rate formulas
3. What is the GDP Deflator? How is it used to measure inflation? Write down the GDP deflator formulas
4. How are the CPI and GDP Deflator similar and different? Why would the CPI be the preferred index?
5. Why is inflation bad/costs of inflation? How does it affect incomes? Savings accounts? Create additional costs (misallocation of resources – “aka menu costs”)?
6. Why does inflation help debtors but hurt lenders? Why is this known as the “inflation tax?”
7. Why does real interest rate = nominal interest rate – inflation rate.
8. What is Fischer’s Hypothesis and Formula? How does it solve the problem for lenders/creditors (ex – banks) illustrated by #7.
9. Identify and describe frictional (including seasonal) and structural unemployment.
10. What is cyclical unemployment? Why is cyclical unemployment indicative of a recession/poor economy?
11. Why would cyclical unemployment be illustrated by a point inside the PPC?
12. What is the natural rate of unemployment? Why does it include frictional and structural but not cyclical?
13. Why would an economy operating at full employment/the natural rate of unemployment be a point **on our PPC? Graph and Explain.**
14. What is the Labor Force? Who is part of it? Who is not part of it?
15. What is the Labor Force Participation Rate? What is the formula?
16. What is the technical definition of unemployed?
17. What is the unemployment rate formula?
18. Why must the unemployment rate decrease along with the labor force participation rate increasing occur to indicate an improving economy?
19. What is a recession? Why is unemployment the main problem during a recession?
20. Why would high unemployment be a point inside our PPC? **Graph and Explain.**

**Chapter 13 Part II: Graphs: No Graphs**

**Chapter 13 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 13 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Illustrate formulas and math for #’s 2,6,7,12
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words.

**Homework #4: Chapter 14: Graphical Illustration of the Economy**

**Read Chapter 14**

**Chapter 14 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Identify the cycles of the economy **(expansion, peak, contraction, recession, trough/depression, recovery)** and what is occurring with RGDP, Inflation and Unemployment Rates in each
2. What is Say’s Law? How is it the backbone of classical theory?
3. What is classical theory for dealing with economic cycles?
4. What is Keynesian theory for dealing with economic cycles?
5. What is Long Run Aggregate Supply?
6. What changes (shifts) LRAS regardless of Price Level?
7. What is Short Run Aggregate Supply? How does it compare/contrast with LRAS?
8. What changes (shifts) SRAS regardless of Price Level?
9. Why, when SRAS shifts does LRAS not shift but when LRAS shift, SRAS shifts with it?
10. What is Aggregate Demand? What is it composed of? Why is the composition of AD the same formula for GDP?
11. What changes (shifts) Aggregate Demand regardless of current Price Level?
12. Why would the Great Depression be an Aggregate Demand shock? How did the Great Depression change economic thinking?
13. If left alone, how does the economy correct itself from recession to equilibrium through pressures on wages/input costs? Why would this be a shift of SRAS? Explain.
14. If left alone, how does the economy correct itself from inflation to equilibrium through pressures on wages/input costs/expectations of prices? Why would this be a shift of SRAS?

**Chapter 14 Part II: Graphs: Full Employment Graph**

1. How would the parameters of Price Level (y-axis) and RGDP (x-axis) good parameters to illustrate economy health?
2. Although unemployment is not included on the graph, how can we assume what is happening to unemployment from changes to RGDP?
3. Draw the Long Run Aggregate Supply Curve (LRAS).
   1. Explain what makes LRAS shaped/curved the way it is?
   2. How does LRAS illustrate that RDGP is stable regardless of current Price Level?
   3. How does LRAS illustrate the natural rate of unemployment/full employment?
   4. What shifts LRAS?
   5. How does LRAS compare/contrast with the PPC?
4. Draw the Aggregate Demand Curve. **Explain the three factors** what makes it shaped/curved the way it is.
5. Draw the Short Run Aggregate Supply Curve. Explain what makes it shaped/curved the way it is.
6. Why/how does the intersection of AS/AD illustrate **“where we are”** and LRAS represent “where we want to be” (aka full employment)?
7. Draw the Full Employment Graph representing Economic Equilibrium
8. Draw the Full Employment Graph representing Recession
9. Draw the Full Employment Graph representing Inflation
10. Draw 6 separate **full employment graphs** of LRAS (with SRAS) shift left; LRAS (with SRAS) shift right; AD shift left, AD shift right, SRAS shift left, SRAS shift right. For each graph fully label:
    1. The change in Price Level (p), RGDP (y), economic equilibrium (e), arrows and dots
11. Illustrate an economy in recession and draw and explain how it returns to normal through SRAS.
12. Illustrate an economy in inflation and draw and explain how it returns to normal through SRAS.

**Chapter 14 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 14 Part IV:** Multiple Choice and Free Response Questions

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I, II, III

**Homework #5: Chapter 15 part I: Fiscal Policy and Keynesian Economics**

**Read Chapter 15**

**Chapter 15 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What is Fiscal Policy?
2. How is Fiscal Policy created and implemented?
3. What are the two mechanisms Congress has with Fiscal Policy?
4. Why will Fiscal Policy ONLY affect the Aggregate Demand Curve?
5. What is Discretionary Spending? What is Deficit spending? How was this part of Keynes solution for the Great Depression? How did this represent a break from previous economic theory?
6. What is the marginal propensity to consume?
7. What is the formula and theory of the government spending multiplier? How does it affect the economy?
8. How can the government use the government spending multiplier formula to close a recessionary gap without spending the full amount of the gap?
9. What is the formula and theory of the tax multiplier? How does it affect the economy?
10. Why would the government spending multiplier have a greater impact than the tax multiplier?
11. What is formula and theory for the balanced budget multiplier? Why would the Balanced Budget Multiplier ALWAYS BE EQUAL TO 1?
12. What are automatic stabilizers? How do they help to lesson inflationary and recessionary pressures?
13. What is Stagflation? Why is it a difficult problem to solve?

**Chapter 15 Part II: Graphs: Keynesian Economics applied to the Full Employment Graph**

1. Illustrate a recessionary gap
   1. What kind of fiscal policy can close this gap? Illustrate it on the same graph.
2. Illustrate an inflationary gap
   1. What kind of fiscal policy can close this gap? Illustrate it on the same graph.
3. Illustrate Stagflation (shift SRAS to the left from equilibrium). Why does a leftward shift in SRAS create a stagflationary gap? Explain.

**Chapter 15 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 15 Part IV: Multiple Choice: Answer only 1-7,9,10, 13, 14 Free Response Questions #I and II**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 3,4,5,6, 9,10,13
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I and II

**Homework #6: Chapters 16 and 17: Money, the Banking System, the Federal Reserve System and Monetary Policy**

**Read Chapter 16**

**Chapter 16 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Explain why it is more appropriate to say that Fiscal Policy increases the amount of **income** in the economy and not **money.**
2. What is money and what are its qualities?
3. What are the three functions of money?
4. What is Fiat Money?
5. What is the Money Supply?
6. The Money Supply is measured by categories of M1 and M2. What is the difference between each? Be specific in what each is composed of.
7. Why is the formula for M2: M1 +M2 = M2
8. Why credit cards are not part of the money supply?
9. What is the Federal Reserve System? What is its purpose?
10. What is the Secondary Market for Bonds?
11. What is Fractional Reserve Banking?
12. What are T-Accounts/Banks Balance sheet?
13. What are assets and liabilities? Why are loans assets but checking accounts liabilities?
14. Why must a bank’s assets equal its liabilities?
15. How is money “expanded” and “created” by deposits/loans?
16. What is Monetary Policy (tools of the Federal Reserve)? Identify and describe the three tools of monetary policy.
17. Copy Table 16.4
18. What is the formula and theory for the Money Multiplier? How do changes by the Federal Reserve “create” or “shrink” money and increase/decrease the Money Supply?
19. For the money multiplier, why are open market operations a full change in bank (excess) reserves, but a person’s checking deposit not a full change in bank reserves.

**Chapter 16 Part II: Graphs: None**

**Chapter 16 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 16 Part IV: Multiple Choice and Free Response**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use formula and explanation for at least #’s 8,11,12
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use formulas and math for #’s I,II,III.

**Read Chapter 17**

**Chapter 17 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Define Monetary Policy
2. What is the Federal Open Market Committee? Why would the FED use Open Market Operations as the **main tool of monetary policy**?
3. Why would the FED use Reserve Requirement the **least**?
4. What is the nominal interest rate? Why is this targeted by Monetary Policy?
5. What is the Federal Funds Rate? Why is this targeted by Monetary Policy?
6. Copy Figure 17.3 and Explain how this shows how Monetary Policy through the FED can stimulate an economy.
7. Figure 17.3 shows an Expansionary Monetary Policy. Create a chart which shows a Contractionary Monetary Policy and Explain how this shows how Monetary Policy through the FED can shrink an economy.
8. What is the equation of Exchange? What does each letter represent? Why is VxQ = nominal GDP?
9. Despite it being a tautology; why is there controversy over the equation of exchange? Explain the Classical vs. Monetarist view of the Equation of Exchange?
10. What is the Monetary Neutrality or the Quantity Theory of Money?
11. Why do Keynesians believe that Monetary Policy is not that effective?
12. Copy table 17.2 – perspectives on the money supply.
13. Why do Monetarists strongly advocate using Monetary Policy?

**Chapter 17 Part II: Graphs: Money Market Graph**

1. Draw the Money Market Graph
2. Explain why the Nominal Interest Rate would be the y-axis and the Quantity of Money would be the x-axis
3. What does the Money Supply Curve (MS) represent? Why is it vertical sloping?
4. What shifts MS to the right? What shifts MS to the left?
5. What does the Money Demand Curve (MD) represent? Why is it downward sloping?
6. Draw 4 separate graphs of MS shift left; MS shift right; MD shift left, MD shift right,. For each graph fully label:
   1. The change in Nominal Interest Rate (i), Quantity of Money (q), equilibrium (e), arrows and dots
7. Illustrate an economy in recession on the Full Employment Graph. Explain the FOMC Policy to return the economy to equilibrium. Illustrate this policy on a Money Market Graph and then on the same Full Employment Graph. Explain the two processes and how they are connected in both graphs Fully draw and label all parts
8. Illustrate an economy in inflation on the Full Employment Graph. Explain the FOMC Policy to return the economy to equilibrium. Illustrate this policy on a Money Market Graph and then on the same Full Employment Graph. Explain the two processes and how they are connected in both graphs. Fully draw and label all parts

**Chapter 17 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 17 Part IV: Multiple Choice and Free Response**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use formula and explanation for at least #’s 2,3,4,8,9,10,11
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use formulas and math for #’s I and II (all parts of both)

**Homework #7: Chapter 15 Part II: Negative Side Effects of Fiscal and Monetary Policy**

**Read Chapter 15**

**Chapter 15 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Define and explain the Phillips Trade-off: Why might inflation be high when unemployment is low and why might unemployment be low when inflation is high? How does contractionary fiscal policy lower inflation but increase unemployment? How does expansionary fiscal policy lower unemployment but increase inflation?
2. Copy Points to Remember on page 253
3. What is stagflation? Why might it be the worst economic problem?
4. How does the Phillips curve illustrate the difficulties in solving stagflation?
5. Why is Fiscal Policy not fully effective in solving stagflation?
6. Why is Supply-Side Economics a better alternative in solving stagflation?
7. What is Crowding Out? Explain the full process by which crowding out can make deficit spending fiscal policy ineffective.
8. How can the Federal Reserve expanding the money supply nullify the crowding out affect? Why would this create an **indeterminate interest rate?**
9. What is the theory of Rational Expectations? Explain the full process by which rational expectations can make fiscal policy ineffective.
10. Why does crowding out affect the Aggregate Demand Curve, but Rational Expectations affects the Aggregate Supply Curve?

**Chapter 15 Part II: Graphs: Phillips Curve and Market for Loanable Funds**

1. **Illustrate a Phillips Curve.**
   1. Why is the y-axis inflation rate?
   2. Why is the x-axis unemployment rate?
   3. Why is the Short Run Phillips Curve (SRPC) downward sloping in relation to the x and y axis?
   4. Why is the Long Run Phillips Curve (LRPC) vertical in relation to the x and y axis? What affects changes of the LRPC regardless of price?
   5. Why does LRPC also represent our natural rate of unemployment/full employment? How does it compare/contrast to the LRAS? PPC?
   6. Illustrate a recession on the Phillips Curve.
   7. Illustrate inflation on the Phillips Curve.
   8. Why is a shift in Aggregate Demand a movement along the SPRC in the opposite direction?
   9. Why is a shift in Aggregate Supply a shift in the opposite direction of the SRPC?
   10. Illustrate a shift of AD to the Right on the full employment graph and a movement on the SPRC to the left on the Phillips Curve.
   11. Illustrate a shift of AD to the Left on the full employment graph and a movement on the SRPC to the right
   12. Illustrate a shift of AS to the Left on the full employment graph and a shift of SRPC to the right on the Phillips Curve.
   13. Illustrate a shift of AS to the Right on the full employment graph and a shift of SRPC to the left on the Phillips Curve.
   14. Illustrate a shift to the right of the LRPC with SRPC shifting with it.
   15. Illustrate a shift to the left of the LRPC with SRPC shifting with it?
   16. Why would SRPC shift with LRPC but LRPC not shift with SPRC?
2. **Illustrate the Market for Loanable Funds Graph**
   1. Why is the y-axis real interest rate?
   2. Why is the x-axis quantity of Loanable Funds?
   3. Why is the Supply of Loanable Funds (S) upward sloping in relation to the x and y axis? What affects changes to S?
   4. Why is the Demand of Loanable Funds (D) downward sloping in relation to the x and y axis? What affects changes to D?
   5. Illustrate a shift of D to the left, D to the right, S to the left and S to the right on 4 separate graphs.
      1. Make sure to label changes to real interest rate (r), quantity for loanable funds (q), equilibrium (e), and arrows and dots
   6. Illustrate an economy in recession on a Full Employment Graph
      1. Illustrate government deficit spending on this graph
      2. Illustrate government deficit spending from part 2fi on a Market for Loanable Funds Graph.
      3. Illustrate the effect of part 2fii on the graph from 2fi
      4. What type of action by Federal Reserve Open Market committee can nullify the crowding out effect? Illustrate this on a **Money Market Graph.**
      5. Why would a combined expansionary fiscal and monetary policy create an **indeterminate interest rate?** Illustrate each policy on two separate **Market for loanable funds Graphs.**
3. **Rational Expectations**
   1. Graph 17.10 and explain how Rational Expectations caused the SRAS to shift to the left
4. **Chapter 17 Part III:** **Vocabulary and Formulas**
   * + Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 15 Part IV: Multiple Choice: Answer only 8-13 and 15 Free Response Questions #III**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 9,10,11,12,13,15
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with III

**Homework #8: Chapter 2, 18, 19 2: Review of Economic Growth and International Trade and Exchange**

**Re-read Chapter 2**

**Chapter 2 Part I:**

1. What is comparative advantage? How is it determined?
2. What is specialization? How is comparative advantage used to determine specialization?
3. What are terms of trade? How is it based on opportunity cost? Why must the terms of trade fall between the opportunity costs of both countries trading?
4. Summarize the problem on 2.3-2.4: explain
   1. Who should import wheat? Explain using comparative advantage.
   2. Who should import cloth? Explain using comparative advantage.
   3. Why would an acceptable terms of trade be 2.5 units of wheat for 1 unit of cloth. Explain.

**Chapter 2 Part II: Graphs: Production Possibility Curves**

* Illustrate a PPC and explain how trade can achieve a point outside the PPC. Why would this be a point outside the PPC and not a shift?

**Chapter 2 Part III: Vocabulary and Formulas**

* Write down both formulas at the end of the chapter

**Read Chapter 20**

**Chapter 18 Part I: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. Identify and explain RGDP per capita. How does is it calculated? How does it reflect the standard of living of a nation? What stagflation? Why is it the worst economic situation?
2. Identify and explain the “Rule of 70”
3. Identify and describe the determinants of economic growth and productivity?
4. Over a long period of time how can tax breaks to businesses create long term growth?
5. Over a long period of time how can lower interest rates create long term growth?
6. Copy Table 20.2

**Chapter 18 Part II: Graphs: Production Possibilities Curve Reveiw**

1. Draw a Production Possibilities Curve
   * Explain how this graph is used to illustrate opportunity cost?
   * Why is opportunity cost the slope of the graph?
   * What are the determinants of the graph?
2. Draw three different PPC’s: Constant, Concave and Convex – Explain the difference between the three
3. On a separate graph illustrate the PPC shifting to the right
   * Explain what would cause the graph to shift right?
4. On a separate graph illustrate the PPC shifting to the left
   * Explain what would cause the graph to shift left?
5. On a separate graph draw a point inside the PPC.
   * Explain why that point would illustrate recession/unemployment
6. On a separate graph draw a point outside the graph
   * Explain why that point is unobtainable with current resources
   * Explain how this point might be achievable with trade between nations

**Chapter 18 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 18 Part IV: Multiple Choice:**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use formulas and explanations for #6,7,8,9,10, 15
* Write each Free Response Question
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I and II.

**Read Chapter 19**

**Chapter 19: Guided Notes: Answer the following questions in at least 2-3 bullet points each**

1. What is a Nation’s Balance of Trade? How is it calculated?
2. What is trade deficit? Why is it bad?
3. What is trade surplus? Why is it good?
4. Why might nations want to restrict trade? Explain.
5. What is dumping? How does it hurt domestic industries?
6. Why might nations not want to restrict trade?
7. What are tariffs? How do they restrict trade?
8. What are quotas? How do they restrict trade?
9. Why are trade restrictions good for producers but bad for consumers?
10. How do tariffs and quotas affect the balance of trade and Net Exports? Explain.
11. Based on the effect of Net Exports, how would tariffs and quotas affect RGDP? Explain.
12. What is the balance of payments? What does it consist of? Why is it important to calculate?
13. What is the difference between the current and capital account? Identify the components of each. Why should the current + capital account = 0?
14. What is the definition of exchange rate?
15. What does it mean that a currency appreciates compared to other currencies? How is this good for the domestic nation? How is this bad?
16. What does it mean that a currency depreciates compared to other currencies? How is this good for the domestic nation? How is this bad?
17. Copy Table 19.4 and then define and explain how the following factors affect and change the Demand of a currency:
    1. Demand for a nation’s exports (tastes)
    2. Relative Interest Rates
    3. Political Stability
    4. Relative GDP/Relative levels of income
    5. Relative Prices/Price Level
    6. Speculation
18. What was the “Gold Standard?” How did the value of the dollar being attached to the “Gold Standard” provide stability? Instability? Why do you think it was ultimately removed by Richard Nixon?
19. What is the Managed Float Exchange Rate Regime? How does it determine the value of a currency? What are the positives and negatives of this system?
20. How does an expansionary monetary policy worsen the balance of trade? Explain.
21. How does an expansionary fiscal policy worsen the balance of trade? Explain.

**Chapter 19 Part IIa: Graphs: Exchange Rate Graph**

1. Draw an Exchange Rate Graph of Indian Rupee (currency x) per US dollar (currency y).
2. Why is the y-axis price of currency y per currency x.
3. Why is the x-axis the Quantity of the Domestic currency (currency x)? Explain.
4. Why is Supply upward sloping based on the y and x axis?
5. Why is Demand downward sloping based on the y and x axis
6. Draw 4 separate graphs of S shift left; S shift right; D shift left, D shift right,. For each graph fully label:
   1. The change in exchange rate (e), Quantity of currency x (q), equilibrium (e), arrows and dots

**Chapter 19 Part IIb: International Trade Graph**

1. Illustrate the tariff/quota graph and explain:
   1. How did international trade affect the price/quantity from the closed economy to the open economy?
   2. What happened to domestic production graphically? Why did domestic production decrease at the new equilibrium price?
   3. What happened to the equilibrium price/quantity post-tariff? How does this affect consumers? Producers? (also review chapter 5)

**Chapter 19 Part III:** **Vocabulary and Formulas**

* Write down ALL of the vocabulary and formulas at the end of the chapter

**Chapter 19 Part IV: Multiple Choice and Free Response**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 4,5,12,13,14, 15 (remember to focus on currency in question for exchange rates)
* Write each Free Response Question,
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I and II

**Homework #9: Macroeconomic Test Review**

**Part I:**

* Write the Multiple Choice Question and Correct Answer as one simple sentence
* Explain why the correct answer is correct for each answer
* Use graph and explanation for at least #’s 3,4,7,8,10,11,12,17,19,23,26,35,37,42,43,44,46,48,52,56
* Use formulas, math and explanation for at least #’s 5,6,20,24,25,29,36,38,40,41,47,50,57,59
* Write each Free Response Question,
* Write each Free Response Question’s answer in your own words. Use graphs and explanations to help with I and II. Use math for III.

**Part II: AP Tips**

1. Briefly Summarize Chapter 1 Multiple Choice Questions Tips 1-7
2. Briefly Summarize Chapter 1 Free Response Tips 1-5
3. Write down margin AP tips/useful hints/Remember on the following pages:

**14,**

**18,**

**33,**

**40,**

**41,**

**43,**

**45,**

**50,**

**52,**

**67,**

**69,**

**75,**

**207,**

**218,**

**220,**

**229,**

**246,**

**248,**

**249**

**223,**

**254,**

**266,**

**269,**

**281,**

**283,**

**291,**

**292,**

**302,**

**308**