

## **Wilbraham & Monson Academy**

### **AP Macroeconomics 2019 Summer Reading and Assignment**

The goal of this summer assignment is to have you read a book about how the economy works, and to provide you questions to answer in order to give you an opportunity to explain in your words your understanding of what you are reading.

In order to gain some understanding of how the economy works on a local and global level, you will read “Common Cents” by Nancy J. Kimelman, Ph.D.

As you read “Common Cents,” look for answers to the eight guiding questions below. Your answers must be based on what you read in this book. You are NOT permitted to look these answers up on the internet. As you answer these questions, also identify the chapter and pages of her book that helped you answer the question. Some of these questions will be easier than others to answer. Do not be concerned if your answer is correct or not. At the end of taking the course, you will have an excellent understanding of these questions.

Your answers should be typed. We use Google Docs at WMA. It is best to use Google Docs. If you do the assignment on different software, you will be able to convert it to Google Docs upon your arrival to school.

- 1) Why do people and countries trade with one another?
- 2) What determines the market price for a good or service?
- 3) How is one person’s spending another person’s income?
- 4) How do we know if an economy is doing well or poorly?
- 5) How do policy decisions regarding taxation and government spending affect an economy?
- 6) What is money?
- 7) How do the actions of a country’s central bank (The Fed in the United States) affect financial decision making and the economy?
- 8) How does an economy grow?