

AP Economics: Micro & Macro
Governor Livingston High School
Summer Assignment 2026
mwrantz@bhpsnj.org

Objectives

1. Introduce the student to fundamental economic terms, concepts and models necessary to continue in-depth analysis at the start of the course.
2. Explore and manipulate the supply and demand model based upon economic trends.
3. The student will become familiar with course themes and current issues in economics.

AP Micro/Macro Economics is a difficult class and is quickly paced. Because the date of the AP examinations is set in May and we have a large amount of material to learn, a summer assignment is necessary to give you a head start on the fundamentals of economics.

If you are not willing to put forth the effort to complete this assignment prior to the beginning of the school year, then you should reconsider if you have the motivation to take and succeed in this course. Not turning in this assignment will cause you to earn no higher than a “C” for your first marking period grade.

All students are required to complete the following summer assignment. This is due the first class day of the coming school year. A quiz will be given on the material on the first day of school. Two full grades (20%) will be deducted from your earned score for each day the assignment is submitted late. The assignment is as follows:

1. **Text:**
 - a. **Read** modules 1 through 7 (Pages 1-76) in your *Economics for AP* text. This includes the appendix following module 4. These are fundamental and essential concepts. Reading each module twice would be a wise choice.
 - b. **Outline** each module. Each outline should be a concise summary of the concepts and terms discussed in the module formatted in standard outline form. Within the text of each outline, **define** all boldface terms from the text. Just turning in a list of vocabulary definitions does not qualify as an outline. Outlines should be hand written in pen or pencil (**typed assignments will not be accepted**). Each outline should be approximately one to three pages long depending upon the length of each module and the size of your writing script.
 - c. **Answer** the *Check your Understanding, Tackle the Test: MC and Free Response* questions at the end of each of the seven modules. These should be hand written in pen or pencil as well.

2. Free Response Questions:

- a. **Complete** the free response questions (FRQs) provided. Answers must be handwritten.

If you have significant problems or specific questions regarding the assignment you may email me. Be aware that I do not check school email on a daily basis during the summer break. It may take up to two weeks for me to respond to email.

Requests for extensions will not be granted except in the most extreme circumstances involving medical or family emergencies, and then only when medical or parental documentation accompanies the request.

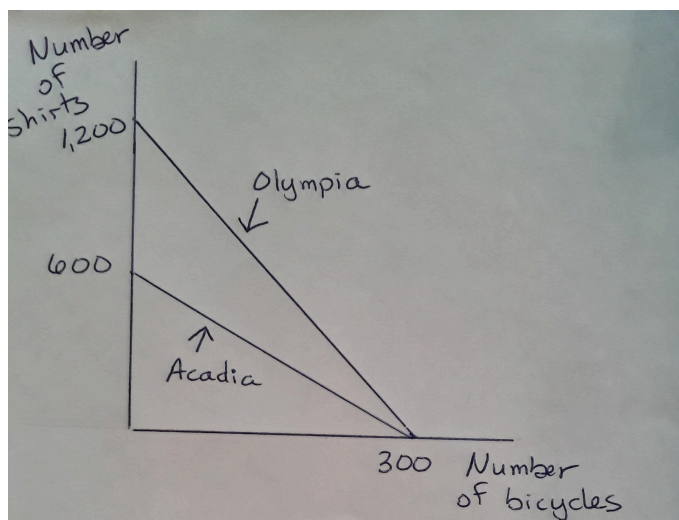
Summer Assignment Rubric (exclusive of quiz on summer material).

100%-85%	84%-75%	74%-65%	64%-0%
Presents highly relevant examples to illustrate topics and goes above and beyond minimum required explanations to support answers to questions with clear and in depth interpretation of the material presented in the readings. Accurate completion of questions and models demonstrates thorough familiarity with the topics.	Presents relevant examples to illustrate topics and goes beyond minimum required explanations to support answers to questions with clear and in depth interpretation of the material presented in the readings. Accurate completion of questions and models demonstrates general familiarity with the topics.	Presents examples to illustrate topics and meets minimum required explanations to support answers to questions. Completion of questions and models demonstrates familiarity with the topics.	Presents few examples to illustrate topics and does not meet minimum required explanations to support answers to questions. Completion of questions and models fails to demonstrate appropriate familiarity with the topics.

AP Economics: Micro & Macro
Governor Livingston High School
Summer Assignment 2026
mwrantz@bhpsnj.org

Summer Assignment Free Response Questions (Responses must be handwritten)

1. Assume that the United States only produces two products: trucks and oranges. For each of the following scenarios, draw a new production possibilities curve (PPC) to illustrate the tradeoff that the United States faces between producing trucks and oranges. Place trucks on the x-axis and oranges on the y-axis. Illustrate on each PPC the impact of the scenario (movement along the curve, shift the curve in or out, no impact, etc.). For each of the scenarios below, in addition to illustrating the impact on a new PPC, *explain* in one to two sentences how and why the scenario has impacted the United States' production possibilities curve.
 - a. A decrease in the country's capital stock
 - b. A change from producing more oranges to producing more trucks
 - c. An improvement in industrial production technology
 - d. An increase in the country's labor force
 - e. An improvement in the efficacy of agricultural fertilizers and pesticides
2. The diagram below shows the production possibilities curves for two countries: Acadia and Olympia. Using equal amounts of resources, Acadia can produce 600 shirts or 300 bicycles, whereas Olympia can produce 1,200 shirts or 300 bicycles.
 - a. Calculate the opportunity cost of producing a bicycle in Olympia.
 - b. If the two countries specialize and trade, which country will import bicycles? Explain.
 - c. If the terms of trade are 5 shirts for 1 bicycle, would trade be advantageous for each of the following?
 - i. Acadia
 - ii. Olympia
 - d. If productivity in Acadia doubles, which country has the comparative advantage in the production of shirts?



3. Create a new supply-demand graph for the cereal market for each scenario below. For each scenario, illustrate on your graph the effect on the equilibrium price and quantity of cereal. Below each graph, state the impact on price and quantity and briefly explain why each change occurred.
- Consumer incomes increase.
 - Wages paid to workers in food production plants increase.
 - The price of bagels decreases.
 - The price of milk increases and the cost of inputs for cereal production decreases.