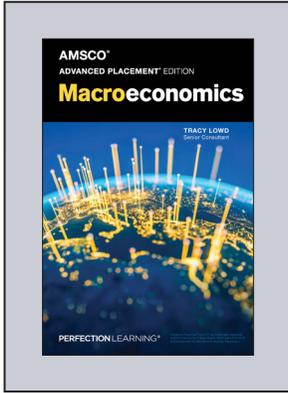
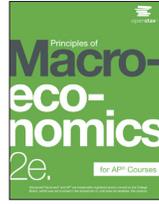


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Advanced Placement® Macroeconomics



Principles of Macroeconomics for AP Courses, 2nd edition
2021
Steven A. Greenlaw & David Shapiro
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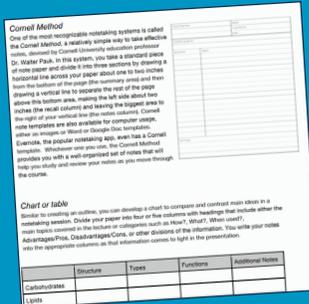
OpenStax
<https://openstax.org/details/books/principles-macroeconomics-ap-courses-2e>
Formats: Online, app, PDF
Print Edition: Available from Amazon
Course cartridges: Canvas, Blackboard

Course resources | The following resources are available to supplement your course.

FOR STUDENTS

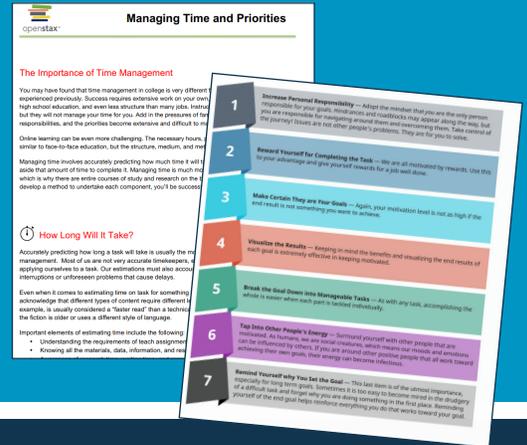
Reading and Notetaking Guide

Adapted from OpenStax *College Success*, this guide discusses effective reading approaches, study tips, and notetaking strategies for students.



Student Time Management Guide

Adapted from OpenStax *College Success*, this guide includes information about estimating time on tasks, avoiding procrastination, and using strategies to stick to your priorities.



Key Terms Quizlet

Practice key terms for each chapter using a curated set of flashcards on Quizlet's platform.

PowerPoint Slides

Includes all the images from the book (e.g., maps, charts, graphs, illustrations) organized by chapter/topic.

Instructor Answer Guide

Includes detailed solutions to all the end-of-chapter questions and supplemental test items.

Test Bank

Contains multiple-choice, short-answer, and essay questions for each chapter.

FOR TEACHERS

Enhanced Lecture PowerPoint Slides

These lecture slides include selected graphics from the text, key concepts and definitions, examples, and discussion questions.

Instructor Answer Guide

Get detailed solutions to all the end-of-chapter questions in your OpenStax book. No students allowed!

Test Bank

The test bank contains multiple choice, short answer, and essay questions for each chapter of the textbook. Since many instructors use these questions in graded assignments, we

Supplementary Features in OpenStax Macroeconomics

The following ideas show how the content in the AP[®] *Macroeconomics* coursebook from AMSCO[®] can be enriched with features and expanded coverage in the OpenStax *Macroeconomics* text.

Questions for Each Level of Learning

- **Self-Checks** are analytical self-assessment questions that appear at the end of each module. They push the student to think beyond what is said in the text. Self-Check questions are designed for formative (rather than summative) assessment. The questions and answers are explained so that students feel like they are being walked through the problem.
- **Review Questions** are simple recall questions from the chapter and are in open-response format (not multiple-choice or true/false). The answers can be looked up in the text.
- **Critical Thinking Questions** are higher-level, conceptual questions that ask students to demonstrate their understanding by applying what they have learned in different contexts. They ask for reasoning about the concepts in a manner that will help prepare students for the AP[®] exam.
- **Problems** are exercises that give students additional practice working with the analytic and computational concepts in the module.

☰ **Table of contents** ✕

- Key Terms
- Key Concepts and Summary
- Self-Check Questions
- Review Questions
- Critical Thinking Questions
- Problems

Features That Support In-Depth Learning

BRING IT HOME

Why Can We Not Get Enough of Organic?

Organic food is increasingly popular, not just in the United States, but worldwide. At one time, consumers had to go to specialty stores or farmers' markets to find organic produce. Now it is available in most grocery stores. In short, organic is part of the mainstream.

Ever wonder why organic food costs more than conventional food? Why, say, does an organic Fuji apple cost \$1.99 a pound, while its conventional counterpart costs \$1.49 a pound? The same price relationship is true for just about every organic product on the market. If many organic foods are locally grown, would they not take less time to get to market and therefore be cheaper? What are the forces that keep those prices from coming down? Turns out those forces have quite a bit to do with this chapter's topic: demand and supply.

An auction bidder pays thousands of dollars for a dress Whitney Houston wore. A collector spends a small fortune for a few drawings by John Lennon. People usually react to purchases like these in two ways: their jaw drops because they think these are high prices to pay for such goods or they think these are rare, desirable items and the amount paid seems right.

LINK IT UP

Visit this [website](#) to read a list of bizarre items that have been purchased for their ties to celebrities. These examples represent an interesting facet of demand and supply.

WORK IT OUT

Comparing the Economies of Two Countries

The Organisation for Economic Co-operation and Development (OECD) tracks data on the annual growth rate of real GDP per hour worked. You can find these data on the OECD data webpage "Growth in GDP per capita, productivity and ULC" at this website.

Step 1. Visit the OECD website given above and select two countries to compare.

Step 2. On the drop-down menu "Subject," select "GDP per capita, constant prices," and under "Measures," select "Annual growth/change." Then record the data for the countries you have chosen for the five most recent years.

Step 3. Go back to the drop-down "Subject" menu and select "GDP per hour worked, constant prices," and under "Measures," again select "Annual growth/change." Select data for the same years for which you selected GDP per capita data.

Step 4. Compare real GDP growth for both countries. [Table 5.2](#) provides an example of a comparison between Australia and Belgium.

	2011	2012	2013	2014	2015
Australia	1.9%	1.8%	1.9%	1.4%	0.1%
Belgium	0.9%	0.8%	0.8%	0.8%	0.8%

CLEAR IT UP

How are compound growth rates and compound interest rates related?

The formula for GDP growth rates over different periods of time, as [Equation 5.3](#) shows, is exactly the same as the formula for how a given amount of financial savings grows at a certain interest rate over time, as presented in [Equation 4.1](#) of *A World of Savings*. Both formulas have the same ingredients:

- an original starting amount, in one case GDP and in the other case an amount of financial saving
- a percentage increase over time, in one case the GDP growth rate and in the other case an interest rate
- and an amount of time over which this effect happens.

Recall that compound interest is interest that is earned on past interest. It causes the total amount of financial savings to grow dramatically over time. Similarly, compound rates of economic growth, or the compound growth rate, means that we multiply the rate of growth by a base that includes past GDP growth, with dramatic effects over time.

For example, in 2013, the Central Intelligence Agency's World Fact Book reported that South Korea had a GDP of \$1.67 trillion with a growth rate of 2.8%. We can estimate that at that growth rate, South Korea's GDP will be \$1.92 trillion in five years. If we apply the growth rate to each year's ending GDP for the next five years, we will calculate that at the end of year one, GDP is \$1.72 trillion. In year two, we start with the end-of-year one value of \$1.72 and increase it by 2.8%. Year three starts with the end-of-year two GDP, and we increase it by 2.8% and so on, as [Table 5.2](#) depicts.

Year	Starting GDP	Growth Rate 2.8%	Year-End Amount
1	\$1.67 Trillion ×	(1+0.028)	\$1.72 Trillion
2	\$1.72 Trillion ×	(1+0.028)	\$1.76 Trillion
3	\$1.76 Trillion ×	(1+0.028)	\$1.81 Trillion
4	\$1.81 Trillion ×	(1+0.028)	\$1.87 Trillion
5	\$1.87 Trillion ×	(1+0.028)	\$1.92 Trillion

- **Bring It Home:** This feature presents a brief case study, specific to each chapter, which connects the chapter's main topic to the real world. It is broken into two parts: the first at the beginning of the chapter (in the Intro module) and the second at chapter's end, when students have learned what's necessary to understand the case and "bring home" the chapter's core concepts.
- **Link It Up:** This feature offers a very brief introduction to a website that is pertinent to students' understanding and enjoyment of the topic at hand.
- **Work It Out:** This feature asks students to work through a generally analytical or computational problem and guides the students step-by-step to find out how its solution is derived.
- **Clear It Up:** This feature addresses common student misconceptions about the content. Clear It Ups are usually deeper explanations of something in the main body of the text. Each CIU starts with a question. The rest of the feature explains the answer.

Additional Resources

- Current examples and recent data from **FRED** (*Federal Reserve Economic Data*).
- Extensive list of references.
- Useful appendices, such as The Use of Mathematics in Principles of Economics.

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