The Money Machine

WITSOOTH · CLEVER TRUTH

AP MACROECONOMICS · UNIT 2

Name ____________________ Period ______

DRIVING QUESTION

What is true wealth — and how do you know if you're better off?

You'll answer this twice: once before the game, once after. See if your answer changes.

BEFORE THE GAME

> *"In 1975, the average American worker earned $8,600 a year and could comfortably support a family. Today that same worker would need over $62,000. Something happened between then and now — and it wasn't just greed."*
>
> — U.S. Bureau of Labor Statistics, adjusted figures

Your gut answer — before any economics vocabulary: what happened? Why does $8,600 no longer feel like enough?

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Quick prediction: is a bigger number always better?

☐ Yes, always ☐ No, never ☐ It depends on ____________________

DURING THE GAME

Inside the black box: your decisions and the round's scenario go IN → the Money Machine → your fridge, your PP% (purchasing power), and your coins come OUT. You can't see the mechanism — only the results. Watch what goes in and what comes out.

RD	FRIDGE?	PP%	COINS (CROSS OUT LOSSES)	ONE OBSERVATION — WHAT SURPRISED YOU?
1	☐ Fuller ☐ Emptier ☐ Same	____%	○○○○○○○○	
2	☐ Fuller ☐ Emptier ☐ Same	____%	○○○○○○○○	
3	☐ Fuller ☐ Emptier ☐ Same	____%	○○○○○○○○	
4	☐ Fuller ☐ Emptier ☐ Same	____%	○○○○○○○○	
5	☐ Fuller ☐ Emptier ☐ Same	____%	○○○○○○○○	

PP ≥ 100 = wealth protected · **PP 80–99** = losing ground · **PP < 80** = real loss

AFTER THE GAME

Were there rounds where you had more money but the fridge was emptier? What does that tell you?

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What is the machine actually measuring — and why does it matter more than just the dollar number?

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Now use the vocabulary: the dollar amount of money is its NOMINAL value; what it can actually buy is its REAL value. Use both words in one sentence that explains what the fridge was showing you:

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TRANSFER — NOW APPLY IT

Breaking: "Nation's GDP Grows 8% — Best Year in a Decade!"

A government announces its GDP rose from $500 billion to $540 billion. The headline calls it the strongest economic performance in ten years. Citizens celebrate.

$500B	$540B	+8%	9%
LAST YEAR GDP	THIS YEAR GDP	CHANGE	INFLATION RATE

A. The fridge test — before celebrating, what question would you ask (the same one the fridge asked you every round)?

B. Real vs. nominal — did citizens actually get richer? Explain using both words.

C. Return to the driving question — has your answer to "what is true wealth?" changed? Write your final answer in one sentence, using economics vocabulary.