

## AP Macroeconomics Summer Reading Assignment

Lakeland Senior High School

Mrs. Sampson

Room C-63

[brittany.sampson@polk-fl.net](mailto:brittany.sampson@polk-fl.net)

### Summer Reading:

**Naked Economics: Undressing the Dismal Science**, Charles Wheeland, W.W. Norton, 2003.

( paperback / ISBN 0-393-32486-9)

[www.amazon.com](http://www.amazon.com)                      \$10.85 This is a “new” purchase price, you may also buy a used copy for cheaper-remember used copies may not be in the best condition. The benefit of purchasing your own book is so that you can write, highlight and take notes in it. If it is used, you take the chance of whether or not someone else has “marked up” the book already.

[www.walmart.com](http://www.walmart.com)                      \$10.42

[www.barnesandnoble.com](http://www.barnesandnoble.com)                      \$15.95

Plus Shipping and Handling.

\*\*It is not required that you purchase this book. However, the Polk County Public Library has only 3 copies of this book. One is a Lakeland copy, the other two are available to check out through the library cooperative (interlibrary loan program).

### Book Review- [www.wwnorton.com](http://www.wwnorton.com)

“*Naked Economics* makes up for all of those Econ 101 lectures you slept through (or avoided) in college, demystifying key concepts, laying bare the truths behind the numbers, and answering those questions you have always been too embarrassed to ask. For all the discussion of Alan Greenspan in the media, does anyone know what the Fed actually does? And what about those blackouts in California? Were they a conspiracy on the part of the power companies? Economics is life. There's no way to understand the important issues without it. Now, with Charles Wheelan's breezy tour, there's no reason to fear this highly relevant subject. With the commonsensical examples and brilliantly acerbic commentary we've come to associate with *The Economist*, Wheelan brings economics to life. Amazingly, he does so with nary a chart, graph, or mathematical equation in sight—certainly a feat to be witnessed firsthand. “

Economics is a crucial subject. There's no way to understand the important issues without it. Now, with Charles Wheelan's breezy tour, there's also no reason to fear it.

### Summer Assignment

**READ:** Naked Economics: Undressing the Dismal Science. Completely- cover to cover.

### Directions:

- Create a time management plan for your reading schedule to ensure you have ample time to read the book. Set due dates for each chapter and each part of the assignment. Review your schedule with a parent or guardian. This plan needs to be submitted electronically (emailed) by Monday June 29, 2009. Please email me your plan at: [brittany.sampson@polk-fl.net](mailto:brittany.sampson@polk-fl.net) .
- As you read the book, answer the questions below.

**Expectations:** Work must be typed, 12 font, *single spaced*. Label each section appropriately with each number. Please check your work for complete sentences and grammatical errors. The answer for each section should be about a half to full page.



**Due Date:** The first day of the semester. No points will be awarded for late work. Be prepared to participate in a class discussion on the first day of school.

## **Questions:**

1. *Chapter one.* In a paragraph, summarize the main points of chapter one. Note that simply listing the bolded statements will get you zero points. There are key ideas and assumptions in this chapter.
2. *Chapter two.* Explain why incentives matter. What do you think about the author's ideas on black rhino conservation? Explain what perverse incentives are and give examples from a high school student's life.
3. *Chapter three.* Summarize this chapter in 1-2 paragraphs. Why might government regulations and lawyers be a good thing? Include specific examples.
4. *Chapter four.* Summarize this chapter in one paragraph. Include specific examples of government involvement as needed. In another paragraph, be sure to discuss the government's "grabbing hand" as it licenses and regulates businesses in third world countries versus Capitalist nations.
5. *Chapter five.*
  - a. What does information asymmetry have to do with the hiring process, in regards to gender? What does the author feel about this discrimination? Do you agree with him? Explain. What do you feel about his long term solution to this problem?
  - b. Explain the problem of private health insurance? Why do the costs continue to rise? What is the problem with public health insurance? Discuss adverse selection, as it relates to this chapter.
6. *Chapter six:* The author discusses the symptom of being poor, and the illness of being poor. What does the author mean? Do you agree with him? Explain. How does the poverty line right now compare to 100 years ago? Why is America like a real life version of "Revenge of the Nerds?" What's so important about Human Capital?
7. *Chapter seven:* What does the efficient market theory have to do with Financial markets? Discuss the positives and negatives of the theory. Why do Wall-Street types not like it? Explain the coin flipping experiment, as it relates to investment diversification.
8. *Chapter eight:* Why have mohair farmers earned a subsidy from the federal government for decades? What can you derive that economics tells us about politics?
9. *Chapter nine:* Explain how the average American is three times as rich as they would have been in 1950. Explain the most effective "knock" on GDP. What does the author think about the effectiveness of fiscal policy? Explain how a current account surplus/deficit can be good and bad.
10. *Chapter ten:* What is the drastic consequence of poor monetary policy the author discusses at the start of the chapter? Do you agree with this argument? Explain. What is the relationship between governments who owe money, government policies to fight inflation, and monetary policy? Does this change your opinion of how monetary policy is used by the US Government?
11. *Chapter eleven:* What is the relationship between specialization and productivity? Discuss, in two paragraphs or less, your opinions on globalization after reading this chapter. Cite data from the book to prove your point. Finally, discuss the problem of "good intentions" on globalization and "sweatshops." What do you propose to solve this problem?
12. *Chapter twelve:* After reading this chapter, explain and discuss what we can do to help developing nations. What do these nations need to do to help themselves?