

## **AP Microeconomics Summer Reading Assignment 2022**

Read: *Naked Economics: Undressing the Dismal Science* by Charles Wheelan.

It can be found on Amazon, Barnes and Noble, and in libraries, etc.. I have limited copies of the book, but you may borrow one. Please let me know if you need one. The book was first published in 2002 and some of the references to events in that edition might seem dated. I recommend you secure either the 2010 version or the 2019 version.

**Instructions:** You must read the foreword to understand the purpose of this book. It will outline the overall scope of economics and give you an idea as to how we approach problem solving in economics.

**\*\*Read the 4 chapters listed below (the book has 12 chapters total) and answer the questions pertaining to that chapter.**

**\*\*\*I hope you read more than 4 chapters because each one is different, unique and illustrates how economists view situations.**

### **Expectations:**

- Work must be typed, 12 point font, single spaced.
- Identify which chapter you are writing about.
- You DO NOT need to restate the question.
- Use complete sentences and content from the book to support your writing.
- Each response should be at least a minimum of a paragraph.
- To get a good grade, I need to see proof that you have thought about the chapter. Give me some of your own thoughts. Find outside material if you like. Charles Wheelan is an economics professor but you don't have to agree with him on everything.

**Due Date:** September 2nd, 2022.

- **Chapter 2 Incentives Matter: *Why you might be able to save your face by cutting off your nose***

Explain each of the following using content from the chapter: adverse selection, “perverse incentives”, the prisoner’s dilemma, subsidies, Adam Smith’s invisible hand, creative destruction, and deadweight loss.

- **Chapter 6 Productivity and Human Capital: *Why is Bill Gates so much richer than you are?***

Using content from the chapter, explain: Human Capital, GDP Per Capita, Opportunity Costs, Rule of 72, and why productivity growth improves our standard of living.

- **Chapter 7 What economics can tell us about getting rich quick:**

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.

- **Epilogue Seven Questions:**

Choose any 3 of the 7 questions and give me your take on the topic.