

Name: \_\_\_\_\_

AP Economics  
Summer Reading 2011

Welcome to AP Economics. This is NOT a class in:

- “The Stock Market”  
or
- “How to Start a Business”  
or
- “What caused the Financial Crisis?”

AP Economics is a class in **decision making**, specifically the decisions made by individuals, firms, and nations. Over the course of the semester we will study the basic models of micro and macroeconomics. The knowledge you gain from this course will help you better understand the actions that the U.S. government, firms, and individuals take to regulate markets and stabilize the economy. And yes, maybe, by the end, you’ll better understand how the stock market works or what caused the financial crisis...

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You must complete three readings prior to the first day of class. The assignments follow on the next three pages. You will be assessed on these readings in three ways:

See attached  
Rubric for  
assessment  
info on **Parts  
A & B**

1. I will collect PART TWO A of the Freakonomics assignment on Day One of the course.
2. We will participate in a graded discussion on Freakonomics on Day Two of the course. See PART TWO B for a list of questions.
3. You will take a multiple-choice quiz on Day Three of the course. You will be assessed on:
  - 10 questions on the Mankiw reading. purpose of this assessment is threefold:
    - To inform Mr. Corrigan of your understanding of the introductory concepts
    - To encourage you to carefully complete the reading
    - To expose you to ‘AP style’ multiple choice questions
  - 10 question multiple-choice quiz on the basic math concepts needed in AP Economics. See PART ONE for a description of this content.

Thank you for your effort. I am looking forward to class in September. Please feel free to e-mail me with questions.

- Mr. Corrigan- AP Economics  
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617-993-5884

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The following assignments involve reading Greg Mankiw's Principles of Economics. The assigned pages are posted online in *pdf* format. Complete the following assignments prior to the first day of the 2011-2012 school year.

I will **NOT** collect this assignment. You may use it on the 'Summer Reading' quiz.

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1. Read pages 3-15. Define the following terms in your **own words**:

PART ONE

Economics: \_\_\_\_\_

\_\_\_\_\_

Scarcity: \_\_\_\_\_

\_\_\_\_\_

Opportunity Cost: \_\_\_\_\_

\_\_\_\_\_

Questions for Review

Complete 1, 2, 6, 7, 8 in full sentences on a separate sheet of paper.

Problems and Applications

Complete 1, 5, 10, 11 in full sentences/graphs/charts on a separate sheet of paper.

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2. Read pages 19-23. Briefly answer the following questions:

PART ONE

What is the **Scientific Method**?

Why do economists make assumptions?

What is an 'Economic Model'? Why use them?

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3. Read pages 36-44. These pages highlight the math skills you will need in AP Economics. Make notes on topics that you have not yet mastered.

PART ONE

Students should be able to:

- Draw **line graphs** and recognize **positive and negative relationships**
- Define and recognize **variables**
- Calculate **slope**
- Understand **causality**

Students should also be able to (without a calculator!):

- Find **reciprocals**
- Multiply, divide, add, subtract **fractions**
- Calculate the area of a **square** and a **triangle**
- Calculate **percentages** and **percentage changes**

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PART TWO-DESCRIPTION

1. Read Steven D. Levitt and Steven J. Dubner's Freakonomics (2005)

**Note:** This book addresses subject matter which can be considered controversial, such as abortion, drug dealing, and hate groups. Please see Mr. Corrigan ahead of time if you have any concerns.

2. After completing Freakonomics complete parts A & B (see attached). You do not need to read any bonus material. The last chapter is on baby names.

According to Greg Mankiw:

Economists study how people make decisions: how much they work, what they buy, how much they save, and how they invest their savings. Economists also study how people interact with one another...Finally, economists analyze forces and trends that affect the economy as a whole...(Mankiw 4)

**Mankiw views economics as a study of decision making based on past events. Analyses of these events create the models that are used to help understand why people, firms, and nations make the decisions they do. An understanding of this process helps firms and government make better decisions.**

Levitt's approach to economics is different. He states:

We did consider, for about six minutes, writing a book that would revolve around a single theme- the theory and practice of applied economics anyone?- but opted instead for a sort of treasure-hunt approach. Yes, this approach employs the best analytical tools that economics can offer, but it also allows us to follow whatever freakish curiosities may occur...Since the science of Economics is primarily a set of tools, as opposed to a subject matter, then no subject, however offbeat need be beyond its reach" (Levitt & Dubner, 14).

**In Freakonomics, Levitt explains that economics is a set of tools that can be used to solve current and future problems.** His biggest tool is the favorite tool of most economists: analysis of data. According to Levitt:

If you learn how to look at data in the right way, you can explain riddles that would have otherwise seemed impossible. Because there is nothing like the sheer power of numbers to scrub away layers of confusion and contradiction (Levitt & Dubner, 14).

You will also be listing the "Economic Tools" that Levitt uses to analyze his questions. Examples are:

- Anecdotes
- Interviews
- Analysis of collected of data
- Analysis of current data
- Analysis historical events and trends
- Many, many others...

**See attached graphic organizers for Part Two- A.**

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**These questions will be asked during the discussion. I will not collect them. Feel free to write your own discussion questions.**

1-6. I will pose the same questions from the graphic organizer. Be prepared to answer the questions using the terms on the graphic organizer and specific examples from Freakonomics.

**PART TWO-B**

7. Levitt and Dubner state that Freakonomics has “no ‘unifying theme’” (Levitt 204). Is this true?

8. Levitt develops models (or using the models of other researchers) to draw his conclusions. Do you buy into Levitt and Dubner’s answers to the questions they pose? Does the data back up their conclusions? Give specific examples of answers that you think the data supports and answers that you do not think the data supports.

9. Read the excerpt from Dan Ariely’s Predictably Irrational. Does Ariely’s view on human irrationality support Levitt’s conclusions? Why or why not?

10. Economics is a social science. In Freakonomics Levitt and Dubner analyze social trends using scientific methods. In Predictably Irrational Ariely states:

For social scientists, experiments are like microscopes or strobe lights. They help us slow human behavior to a frame-by-frame narration of events, isolate individual forces, and examine those forces carefully and in more detail. They let us test directly and unambiguously what makes us tick”.

What are the strengths and limits of a social science compared to a “hard science” like physics? Can human behavior be analyzed with a similar set of tools?

11. Can the tools outlined by Levitt and Ariely be used to predict the future or it simply tools that can be used to analyze the past? Can a model based on past variables predict future behavior?

12. What is not being considered by Levitt and Dubner? What might be wrong with Levitt’s models/analysis?

**Directions:** Answer the Questions in the bubbles in 2-3 sentences using information from Freakonomics.

1. What do school teachers and sumo wrestlers have in common (mention *incentives*)?

2. How is the Ku Klux Klan like a group of real estate agents (mention *information*)?

3. Why do drug dealers still live with their moms (mention: *tournament of life*)?

FREAKONOMICS

4. Where have all the criminals gone (talk about conventional belief as well as Levitt's belief)?

5. What makes a perfect parent? What matters and what doesn't matter?

6. How much does your name determine your chance of success in life?

PART TWO-A

**Directions:** Identify the “Economic Tools” used by Levitt to answer the questions from the other side. Bullets are fine, but be specific. Examples of tools: Venkatesh’s data, the Israeli day-care study, the CA database of child names...

List tools used in Chapter 1

List tools used in Chapter 2

List tools used in Chapter 3

FREAKONOMICS

List tools used in Chapter 4

List tools used in Chapter 5

List tools used in Chapter 6

PART TWO-A



Name: \_\_\_\_\_

**AP Economics- Summer Reading Rubric**

	5	4	3	2	1/0
<b>Requirements</b>  <b>PART A</b>	-PARTS A was submitted in-class on the first day of school -All questions were answered thoroughly -4-5 relevant tools were listed in each circle	-PARTS A was submitted in-class on the first day of school -All questions were answered, some thoroughly -4-5 tools were listed in each circle	-PARTS A was submitted one day late -5 questions were answered -2-3 tools were listed in some circles	-PARTS A was submitted more than one day late -3-4 questions were answered -Some circles were incomplete	-Directions were not followed -Little effort was shown or PART A was not submitted
<b>Content</b>  <b>PART A</b>	-Questions were answered using very <i>specific</i> evidence from <i>Freakonomics</i>	-Questions were answered using <i>specific</i> evidence from <i>Freakonomics</i>	-Most questions were answered using <i>specific</i> evidence from <i>Freakonomics</i>	-Some questions were answered using <i>specific</i> evidence from <i>Freakonomics</i>	-Questions were either not answered or were answered with little or no evidence from <i>Freakonomics</i>

Project Score Total x 4: \_\_\_\_\_

	5	4	3	2	1/0
<b>Participation during the Discussion</b>  <b>PART B</b>	-Spoke more than 2 times, making very original & stimulating comments -Shared more than one quote, discussion question, and/or specific example	-Spoke 2 times, making original & stimulating comments AND -Shared either a quote, a discussion question, or a specific example	-Spoke 1 time & listened attentively during the discussion	-Did not speak during the discussion and were either disruptive or not attentive	-Did not attend discussion or makeup discussion

**Students Comments**

**Teacher Comments:**

Participation Score Total x 4: \_\_\_\_\_