Welcome to AP® Economics! Micro (from the Greek word Mikro... meaning "small") is the branch of economics that analyzes the market behavior of individual consumers and firms in an attempt to understand the decision-making process of firms and households. Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole. It focuses on the aggregate changes in the economy such as unemployment, growth rate, gross domestic product and inflation.

Your choice to take this course is admirable and should be commended based on the level of information that will be presented throughout the course of the class. The summer reading listed below is the first of many assignments throughout the course that will help you better make sense of the world we live in, the decisions we make as individuals and companies, and how the government plays a role in the economic system. It is important to understand that all human beings make decisions based on incentives. Once that is fully understood the rest of economics will make much more sense.

Please be advised that procrastination of this assignment, as well as the assignments given throughout the course, will make for a less than desirable grade on your end. It is imperative that you keep up with the daily readings and be as involved with class discussions as you can.

To begin this assignment you will need to track down a copy of Freakonomics: A Rogue Economist Explores the Hidden Side of Everything by Steven Levitt and Steven Dubner. Our school library has two copies and I believe the public library has 1 or 2 copies as well. If you are interested in purchasing the book you can find it on Amazon for approximately $9.99.

In order to retain the information collected from your reading I HIGHLY suggest you annotate and review before the class begins or re-read right before the class begins.

This assignment is for both Microeconomics and Macroeconomics. If you signed up for both you only need to complete this assignment once.

**DUE DATE:** First Day of Class
Book Review Assignment: Read *Freakonomics* and answer the following questions in separate paragraphs. *Note*: The should be written out in paragraph/essay format. Please do not simply list the question and respond to it but rather have an in depth analysis in paragraph form. For each question you must reference the text at least once. Please do not limit your assignment to the questions alone. You should be able to reference the text and expand each of your answers to clearly show you read the book and understand the concepts explained in the book.

**Chapter 1**: What is an incentive? How does it relate to the study of economics?

**Chapter 2**: Provide examples that illustrate how asymmetry of information can lead to inefficient outcomes. Explain how the introduction of the element of fear makes the problem of information asymmetry even worse.

**Chapter 3**: Based on the examples in the chapter, what does the invention of better and cheaper production methods do to the price and sale of a good or a service?

**Chapter 4**: The arguments linking the drop in crime to the robust economy in the 1990’s would seem to be quite strong. Provide a brief explanation of what evidence the data provides about the viability of this explanation. What explanation do the authors provide?

**Chapter 5**: Describe the difference between normative and positive analysis. What can you learn about the utility of this distinction from this chapter on perfect parenting?

**Chapter 6**: What does the data provided on baby names in California tell us about the socioeconomics of naming children?

**Assignment Value**: 100 points (Summative Grade- 45% of your grade)

**Book Review Assignment Requirements**: No less than two pages, doubled spaced, typed in Times New Roman, size 12 font.

Completed assignments should be submitted on Google Classroom. Please check your email for a link to join closer to the start of the semester. Assignments will get lost in my email so please don’t email me your document directly.

Please email me at hannah.kapadia@qacps.org if you have any questions BEFORE the first day of class.