Reading 1: Freakonomics Chapter 2

Try to read Chapter 1 about **incentives** before you read Chapter 2 if you have already bought the book. It is also very interesting.

You only need to write a few lines for each question (preferably bullet points) – as much or as little as you want. I will grade & return your work for the next lecture so you know how you are doing. Note that this work is optional – it does NOT count towards your final grade, and you don't have to do it if you don't want to.

For every reading I will have three categories of questions. The first category of questions are simple comprehension questions and if you can do these, you will pass this module. The second category of questions are harder and will be required to gain the top two grades. The third category is mainly for those people who feel that the course is too easy for them and need something harder to sink their teeth into (there are always two or three of these in every class!). You really don't need to worry about the third category.

1. Easier Questions:

Q1.1. Why were the Ku Klux Khan dangerous? Did the violence performed by them match their power over people? If not, why not? (circa p. 54)

Q1.2. What did Stetson Kennedy do to disrupt the Ku Klux Khan? (circa p. 58)

Q1.3. Why does a car instantly lose a quarter of its value the day it is bought? (circa p. 61)

Q1.4. What is an information asymmetry? Why was it important to Enron? (circa p. 63)

Q1.5. Why do real estate agents have an incentive to not get you the best price? (circa p. 66)

Q1.6. What is the difference between the racial preferences which people advertise online when using an internet dating service versus what they privately think? (circa p. 76)

2. Harder Questions:

Q2.1. Given what you have read in the chapter about how information asymmetries were used by Enron to defraud others, plus how investment rating agencies consistently rated Enron as an excellent investment despite knowing otherwise (another information asymmetry), suggest some reasonable causes for how the present credit crunch and economic recession occurred.

Q2.2. Why do you think people when using the dating website adhere so strongly to prevailing sociocultural stereotypes when they are much more relaxed when not using the dating website?

3. Really Hard Questions (just for any of you who find this course too easy! I don't expect anyone to answer these):

Q3.1. Why do information asymmetries concentrate wealth upon a few at the expense of the many, and therefore are information asymmetries are equal to the potential for a mirrored wealth asymmetry? If so, what might prevent the actualisation of the mirrored wealth asymmetry potential? [Search Wikipedia for "information asymmetries"]

Q3.2. What relationship do information asymmetries have to the organisational structures and boundaries which give forth to them? In other words, how do information asymmetries contribute to the semantics, syntactics and pragmatics of society's institutional semiology and vice versa in return? [Search Wikipedia for "semiotics" and the web for "The Santiago Theory of Cognition"]