

Name: _____

Economics
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Southmont Christian Academics

BASIC ECONOMICS

CHAPTER 4: An Overview of Prices

QUESTIONS

1. After you read the chapter, explain the difference between intentional actions and systematic interactions.
2. What could be the reason why politicians and the media ignore the systemic causes of banks and lenders charging higher interest rates in low-income neighborhood (higher rates of default, costs associated with protecting the business against crime, smaller loan amounts, higher labor costs)? These reasons are not secret. So why aren't they talked about?
3. What is the difference between an incentive and a goal?
4. What's wrong with the idea of government making sure something is affordable?
5. Why do costs go up whenever the government "provides" goods and services?
6. Which produces better results, incremental trade-offs or categorical priorities?
7. Why is it that making something cheap — through government subsidies, for example — means that it will be wasted?