

Lesson 1

Textbook Chapter 1
BASIC ECONOMICS

CHAPTER 1 QUESTIONS

1. Without this condition, there is no economy. What is it? *Scarcity*
2. Why do you believe that politicians, business owners, and journalists continue to advocate for economic decisions that have never worked in all of recorded history?
The have good intentions but are not understanding scarcity and they are distracted by the incentives of their choices
3. Is "wishes unmet" or "delaying goals" a bad thing? Why or why not?
No, because it gives us something to work towards. It also helps us value what we earned.
4. What does Dr. Sowell mean when he says that, "... an abundance of resources does not automatically create an abundance of goods"? *Because the resource has to be produced into goods. That requires planning, people working and stuff*
5. Name three things that a country could not make if ALL its lumber went to the construction of homes:
Paper
clothing fabric
furniture
6. Sowell states, "One of the ways of understanding the consequences of economic decisions is to look at them in terms of the incentives they create, rather than simply the goals they pursue." On the back of this page, write as many **incentives** as you can think of that would be created if free housing were provided to all homeless people nationwide (paid for by tax dollars).