Liberty High School’

Economics

Mr. Lopez

Institutions and Incentives

Study Guide

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

1. What is the invisible hand?
2. What happens if someone tries to charge too much for a product?
3. What happens if someone offers too little for a product?
4. What is the free transaction?
5. How did the teacher demonstrate this principle in the class?
6. Why is this principle so important?
7. How is Mr. Lopez shopping at Macys an example of this?
8. What is economic reasoning principle #3 tell us?
9. What are examples of institutions?
10. What are some examples of the power of government to control the rules of the games?
11. How can religion influence society and what are some examples?
12. What are some examples of how customs, social norms, and traditions “influence” society?
13. What does economic reasoning principle 4 tell us?
14. What are the two types of incentives?
15. How do these incentive relation to “rational” behavior?
16. What are examples of positive incentives?
    1. At home?
    2. At school?
    3. In the workplace?
    4. In society?
17. What are examples of negative incentives?
    1. At home?
    2. At school?
    3. In the workplace?
    4. In society?
18. What incentive does business have to satisfy its customers?
19. Can this help explain why a trip to the DMV is sometimes “unsatisfying”?
20. What is the answer to most economic questions and why?