

Freakonomics Chapter 1 Discussion Questions:

To make a copy of this worksheet so you can type your answers on it:

- 1) Go to the **FILE** menu on the toolbar above and select “**make a copy**”
- 2) **Rename** the document by just adding your name to the beginning of the title of the document; that’s the one at the top left, near the blue square. (for example: you might put: “Maria V -Freakonomics Chapter 3”).
- 3) When you are ready to turn this in for feedback, click on the **SHARE** button in the top right corner.

YOUR NAME:

DATE:

Chapter 1: What Do Schoolteachers and Sumo Wrestlers Have in Common

Key Economic terms and concepts:

- Incentives matter
- Consumer behavior and cheating
- Government regulation and unforeseen consequences

If you do not have a copy of the book, here is a link to a **PDF of [CHAPTER 1](#)** of the book (just click on the blue link to open chapter 1)

- **The discussion questions below** are designed to help you better understand the concepts you read about in Freakonomics Chapter 1, and to think about how they may apply to your life.
- **You can type in your answers below on your copy of this worksheet.**
- **If you aren’t sure how to answer a question, or would like a brief discussion to review these concepts/questions before you start, please ask your instructor**
- When you are ready to turn this in for feedback or grading, either tell your instructor or reshare it with them.

Questions:

1. What are incentives? Define incentives in your own words.

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2. What are the three main categories of incentives? Define the 3 types and provide an example of each.

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3. Why are incentives important to the study of economics?

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4. Why is understanding incentives important to people in general? How does understanding incentives empower us as consumers and humans?

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5. Summarize what happened when the daycare center imposed a fine for parents who picked up their children late. What type of incentive is a fine? Did the fine work? Why or why not?

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6. Teacher Incentives from Chapter 1:

Description of the incentive (can be positive or negative/potential consequence)	Did it work? How do you know?
→	→
→	→
→	→

7. Are the above incentives complementary or competing? In your opinion, which of the incentives above is the most powerful?

→

8. Sumo Wrestler Incentive from Chapter 1:

Description of the incentive (can be positive or negative/potential consequence)	Does it work? How do you know?
→	→
→	→
→	→

9. Are the incentives complementary or competing? In your opinion, which of the incentives above is the most powerful?

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10. Specific incentives in your life/world:

Description of the incentive (can be positive or negative/potential consequence)	Does it work? How do you know?
→	→
→	→
→	→

11. Government Regulation and Unforeseen Consequences.As you have learned, the government is sometimes involved in the marketplace. Government involvement in markets can occur either through taxation or regulation. This chapter illustrates the unintended consequences of seemingly benign government regulation. - What effect did government regulation have in this chapter? Did it work? Why or Why not?

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12. Why are incentives so complex? Why is human behavior so difficult to regulate? There is no right or wrong answer to this complex philosophical question but write a few of your thoughts here.

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