Principles of Economics

Lab Problem Set 1.

Due Thursday, August 26 at the start of lab.

In one or fewer typed pages (double spaced, 12 pt. font), answer questions 1 and 2. Be prepared to discuss your answers during the lab.

1. For one of the following concepts discussed in the reading, describe an example (not found in the reading) that further illustrates this concept. Be sure to note which concept you are discussing.
   1. Altering incentives to alter outcomes (e.g., paying midwives in India for each baby girl they take to a hospital for cleft surgery.)
   2. Altering tastes/preferences to alter outcomes (e.g., how the introduction of cable TV lowered birthrates in India.)
   3. A technological innovation that helped solve an important problem (e.g., how the introduction of the car cleaned up the streets of New York.)
   4. Faulty interpretation of statistics (e.g., The Summer of the Shark.)

2. Describe an incentive system that you have some personal knowledge of that led to unintended consequences.