

Economics: A Christian Worldview. What Happens Next? 1 (Unintended Consequences)

TEACHER INSTRUCTIONS/KEY

Prep

Print this instruction page and a copy of Page 2 for each student.

Time

12-15 minutes

Instructions

1. Pass out Page 2; tell students to work in pairs/groups to answer the questions.
2. Review the answers as a class.

Teacher Key

(These are some possible outcomes; let students defend their choices if they're different. Many answers are possible as long as they follow logical incentives.)

1. Fewer apartments are built; housing shortages develop.
2. People start capturing dogs from other areas—or breeding them.
3. Students borrow more money, expecting forgiveness.
4. Businesses hire fewer workers or replace them with automation.
5. Stores order less food to avoid being stuck with unsellable leftovers.
6. Gas shortages and long lines form.

Debriefing

- Economic policies create behavior changes that lead to unexpected results (unintended consequences!).
- Understanding incentives helps us predict these.
- Remember mankind's nature—individuals look out for their own self interests!

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Read the following short policies, and write a sentence predicting what people will do differently, and what unintended consequences might follow. **Remember mankind's nature, and that people often change their behavior when a policy or rule changes!**

1. A city passes a law requiring all apartments to charge rent that is lower than the market price so housing is "more affordable" (bureaucrats say). What happens next?
2. Government officials offer a \$100 reward for every stray dog brought to the animal control office. What happens next?
3. The government promises to forgive student loans for many borrowers. What happens next?
4. A new law requires companies to provide six months of paid leave to all employees. What happens next?



5. Officials ban grocery stores from throwing away unsold food. What happens next?
6. The government places a **maximum price on gasoline** during a fuel shortage. What happens next?