

# ***Economics: A Christian Worldview. What Happens Next? 2 (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. Farmers overproduce corn.
2. Transportation becomes scarcer and more expensive.
3. Bike prices rise or people buy them mainly for the subsidy.
4. Restaurants close on weekends or raise prices.
5. More students take lunches they might not otherwise take, increasing costs.
6. People plant very cheap or temporary trees just to collect the money.

### **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. Officials promise to buy unlimited corn from farmers at a guaranteed high price. What happens next?
2. A city council bans ride-sharing services like Uber and Lyft. What happens next?
3. Government gives a large subsidy for electric bicycles. What happens next?
4. A law requires restaurants to pay double wages on weekends. What happens next?



5. Officials pass a rule that all school lunches must be free for every student. What happens next?
6. The government pays homeowners \$500 for every tree planted in their yard. What happens next?