Economics – Reading Guide – pages 80 – 103

Due 9/29

Value 20 points

Please answer the following questions:

1. What does the DMV example tell us about the problems with a government monopoly? 81-82
2. What are the two broader lessons to be learned about the government role in the economy? 82-83
3. What are the lessons to be learned from the Soviet system? (a fully communist government) 85-86
4. How does politics corrupt the process of government intervening in the economy? 86-87
5. Describe the two international examples of poorly designed regulation. 88-89
6. What is the “fiscal drag” and what two impacts does it have on the economy (94)
7. What kinds of things are discouraged by taxation? (95-96)
8. What is “supply-side economics”? (97)
9. What is the problem in keeping tax rates low? (98-99)
10. What are the basic ideas about government in the author’s summary? Explain each. You should be crystal clear on these points. (101-103)