



Incentives: The Usual Suspects | Worksheet

Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ A reward that backfires and makes the problem worse.
- _____ Ability to use property, labor, or business freely.
- _____ Government controls production, prices, and supplies.
- _____ A reward that steers one option over another.
- _____ Unexpected result, often the opposite of intentions.
- _____ A penalty to discourage people's behavior.

Column B

- a. Incentive
- b. Disincentive
- c. Perverse Incentive
- d. Unintended Consequence
- e. Command Economy
- f. Economic Freedom

Multiple Choice

1. **A school district charges a \$100 fee for students who park in the school lot. After the policy takes effect, far fewer students drive to school. This is an example of:**
 - a. Incentive
 - b. Disincentive
 - c. Unintended Consequence
 - d. Command Economy
2. **A local gym offers a free month of membership to anyone who refers a friend. Membership sign-ups increase significantly. This is an example of:**
 - a. Incentive
 - b. Disincentive
 - c. Unintended Consequence
 - d. Command Economy
3. **A state government imposes a high tax on sugary drinks to reduce consumption. Soda sales drop so sharply that businesses lose significant revenue. This is an example of:**
 - a. Incentive
 - b. Disincentive
 - c. Unintended Consequence
 - d. Command Economy
4. **The national government sets production quotas for how much wheat each farm must grow, regardless of local soil or climate conditions. This is an example of:**
 - a. Incentive
 - b. Disincentive
 - c. Unintended Consequence
 - d. Command Economy

Application

A candidate for mayor in a major city proposes opening government-run grocery stores in neighborhoods without a supermarket. The government would set prices, choose which products are sold, and limit how much of certain items customers can buy. Supporters say this



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will increase access to healthy food. Critics warn it will hurt private stores and fail to stay open long-term, as has happened in other cities.

In a short paragraph, explain:

1. Which economic system this plan reflects.
2. How it could affect economic freedom.
3. One unintended consequence that might result based on similar programs in the past.

Use terms from today's lesson in your response.

Incentives: The Usual Suspects | Answer Key

Matching

Match the definition in Column A with the term in Column B.

Column A

- c. A reward that backfires and makes the problem worse.
- f. Ability to use property, labor, or business freely.
- e. Government controls production, prices, and supplies.
- a. A reward that steers one option over another.
- d. Unexpected result, often the opposite of intentions.
- b. A penalty to discourage people's behavior.

Column B

- a. Incentive
- b. Disincentive
- c. Perverse Incentive
- d. Unintended Consequence
- e. Command Economy
- f. Economic Freedom

Multiple Choice

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 - c. Unintended Consequence
 - d. Command Economy
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 - c. Unintended Consequence
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 - b. Disincentive
 - c. Unintended Consequence
 - d. **Command Economy**

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Use terms from today's lesson in your response.

Sample Answer:

*This plan reflects a **command economy** because the government, rather than the market, would control prices, product selection, and purchase limits. It could reduce **economic freedom** by taking away consumer choice and limiting competition among stores in that city. An **unintended consequence** might be that residents return to shopping at private stores outside their neighborhood if prices are too high or shelves are often empty, which could cause the government-run stores to fail as they have in other cities.*

Guidance for Grading

- ☐ **Correct Identification of the Economic System:** The student should explicitly identify "command economy" and connect it to government control of prices, products, and limits.
- ☐ **Clearly Summarizes the Impact on Economic Freedom:** The student clearly explains how one's "economic freedom" is reduced by consumer choice or limited competition.
- ☐ **Identifies Unintended Consequences:** The student correctly identifies at least one unintended consequence, such as higher prices, empty shelves, store closure, etc.
- ☐ **Clarity and Completeness:** Award full points if all three criteria are met in a clear, logical paragraph.