

Naked Economics Assignment 2

Name: _____

DUE: 10/23/15

Chapters 3-4

If needed, answer these questions on a separate paper. Do not assume the spacing between questions denotes expected length. Quality responses are always preferred to quantity.

What is an externality? Give an example of a positive externality and negative externality.

Explain how protecting private property is essential to supporting economic growth.

Besides addressing externalities, what other important and beneficial roles does government play in our market economy?

Referring to examples in Chapter 4, why is it fair to state government operations are inefficient? Use a graph to illustrate this statement.

What are some of the main reasons why government should only take a limited role in a market economy?

In your opinion, what role should government have in the economy? Be sure to justify your thoughts.