

Name: _____

Naked Economics: Assignment 1
Chapters 1-2 - Due:

2pts Explain the two basic assumptions economists make about individuals and firms.

3pts Review this article from the Economist, "Pricing the Surge: The Microeconomics of Uber's Attempt to revolutionize Taxi Services." (<http://goo.gl/aQsMQT>). Why is Uber accused of using a dynamic pricing model (Price Discrimination Model)? In your opinion, is this type of model fair?

4pts In chapter 1, Wheelan states, ". . . we can and should use government to modify markets in all kinds of ways." Utilizing your knowledge about the market system and relying on supply and demand, illustrate and explain a challenge to Wheelan's idea.

2pts What is a 'lump-sum tax'?

4pts Review this article from the Washington Post: “The Laffer Curve Turns 40: The legacy of a controversial idea (<http://goo.gl/psu4qP>). What is the Laffer Curve? How does it connect to incentives and taxes explained toward the end of Chapter 2?

2pts After reading this chapter, why are incentives important in economics? Is greed good?