

CRASH COURSE: ECONOMICS

EPISODE 1: Introduction

STUDENT QUESTIONS

1. What are some things that the study of economics is *not*?
2. The study of economics is basically about what two things?
3. What can understanding economics forever change about you?
4. According to the host, there is actually a cost to watching YouTube videos.
5. Define opportunity cost.
6. Why is John Green not hosting the series? Phrase your answer in economic terms.
7. What are the two most important assumptions in all of economics? Scarcity (people have unlimited wants but limited resources) and everything has a cost.
8. A number of interesting "solutions" were mentioned, such as crushing all the cars to prevent accidents or making murder legal to reduce the number of people in jail for killing others. What economic concept was used to show that these "solutions" are absurd?
9. What three things were identified as possible opportunity costs for building aircraft carriers?
10. Scarcity means that the nation must do what?
11. Which president was cited as pointing out the opportunity costs of military spending?
12. What two institutions were mentioned as being unable to solve all of our problems by themselves?
13. How have states changed their incentives to try to make public universities serve their students better?
14. If an incentive is poorly designed, what might happen?
15. Why is "spend more money" a flawed approach to improving American health care?
16. Why did Vietnam's "bounty on rat tails" program actually increase the rat population when the goal was to decrease it?
17. What does macroeconomics focus on? The economy as a whole / the whole nation's economic activity
18. What is the other major branch of economics?

Extra Credit Questions / Discussion Prompts

- Consider the following problem in society: people litter too much. Come up with a flawed "solution" to this problem. Make sure that the costs of your solution outweigh the benefits.
- People are still littering too much. Come up with an incentive that would encourage them to litter less. Make sure that it is not a "perverse incentive" — in other ones, be sure it's not an incentive that will backfire and make the problem even worse.
- If military spending were reduced by 90% tomorrow how would you have the government spend or invest the billions of dollars that would be freed up? Why can't the government do all the things you brainstormed AND also still keep military spending at its current level?