

Journal Questions:

Please answer the questions below in your online journal.

- 1). In economic terms, what is an incentive (feel free to use internet or notes)?
- 2). What kind of incentives do businesses use to get customers to buy their products?
- 3). Create an incentive that would help your community. Think of a behavior that you want to encourage, and create a positive incentive to encourage the behavior or a negative incentive to discourage the behavior.

From your reading of Common Sense Economics:

- 4). Describe how drivers change their behavior in relation to changes in gas prices. Provide examples.
- 5). How did incentives change the way glassmakers in the former Soviet Union (Communist Russia) made glass?
- 6). Does our constant pursuit of our own self-interest mean we are selfish? Why or why not?

Read the article "[When Economic Incentives Backfire](#)" from the Harvard Business Review and answer the following:

- 7). Why does the act of paying people for donating blood (i.e., offering them an Economic incentive) actually decrease the amount of blood people are willing to donate?
- 8). Is there a way to cancel out the effect of paying people to donate blood (i.e., can we still pay people to do it, and keep the same level of participation)?