## Critical Thinking Questions

30.

What goods and services would you include in an estimate of the basic necessities for a family of four?

31.

If a family of three earned $20,000, would they be able to make ends meet given the official poverty threshold?

32.

[Exercise 15.2](http://openstax.org/books/principles-microeconomics-3e/pages/15-self-check-questions#ch14mod02_sques01) and [Exercise 15.3](http://openstax.org/books/principles-microeconomics-3e/pages/15-self-check-questions#ch14mod02_sques02) asked you to describe the labor-leisure tradeoff for Jonathon. Since, in the first example, there is no monetary incentive for Jonathon to work, explain why he may choose to work anyway. Explain what the opportunity costs of working and not working might be for Jonathon in each example. Using your tables and graphs from [Exercise 15.2](http://openstax.org/books/principles-microeconomics-3e/pages/15-self-check-questions#ch14mod02_sques01) and [Exercise 15.3](http://openstax.org/books/principles-microeconomics-3e/pages/15-self-check-questions#ch14mod02_sques02), analyze how the government welfare system affects Jonathan’s incentive to work.

33.

Explain how you would create a government program that would give an incentive for labor to increase hours and keep labor from falling into the poverty trap.

34.

Many critics of government programs to help low-income individuals argue that these programs create a poverty trap. Explain how programs such as TANF, EITC, SNAP, and Medicaid will affect low-income individuals and whether or not you think these programs will benefit families and children.

35.

Think about the business cycle: during a recession, unemployment increases; it decreases in an expansionary phase. Explain what happens to TANF, SNAP, and Medicaid programs at each phase of the business cycle (recession, trough, expansion, and peak).

36.

Explain how a country may experience greater equality in the distribution of income, yet still experience high rates of poverty. *Hint*: Look at the [Clear It Up](http://openstax.org/books/principles-microeconomics-3e/pages/15-1-drawing-the-poverty-line#ch14mod01_clearup) "How do governments measure poverty in low-income countries?" and compare to [Table 15.5](http://openstax.org/books/principles-microeconomics-3e/pages/15-4-income-inequality-measurement-and-causes#ch14mod04_tab07).

37.

The demand for skilled workers in the United States has been increasing. To increase the supply of skilled workers, many argue that immigration reform to allow more skilled labor into the United States is needed. Explain whether you agree or disagree.

38.

Explain a situation using the supply and demand for skilled labor in which the increased number of college graduates leads to depressed wages. Given the rising cost of going to college, explain why a college education will or will not increase income inequality.

39.

What do you think is more important to focus on when considering inequality: income inequality or wealth inequality?

40.

To reduce income inequality, should the marginal tax rates on the top 1% be increased?

41.

Redistribution of income occurs through the federal income tax and government antipoverty programs. Explain whether or not this level of redistribution is appropriate and whether more redistribution should occur.

42.

How does a society or a country make the decision about the tradeoff between equality and economic output? *Hint*: Think about the political system.

43.

Explain what the long- and short-term consequences are of not promoting equality or working to reduce poverty.