## Critical Thinking Questions

19.

You are on the board of directors of a private high school, which is hiring new tenth-grade science teachers. As you think about hiring someone for a job, what are some mechanisms you might use to overcome the problem of imperfect information?

20.

A website offers a place for people to buy and sell emeralds, but information about emeralds can be quite imperfect. The website then enacts a rule that all sellers in the market must pay for two independent examinations of their emerald, which are available to the customer for inspection.

1. How would you expect this improved information to affect demand for emeralds on this website?
2. How would you expect this improved information to affect the quantity of high-quality emeralds sold on the website?

21.

How do you think the problem of moral hazard might have affected the safety of sports such as football and boxing when safety regulations started requiring that players wear more padding?

22.

To what sorts of customers would an insurance company offer a policy with a high copay? What about a high premium with a lower copay?