

## Learning Objectives

### Chapter 22

#### **In this chapter you will:**

- Examine the problems caused by asymmetric information
- Learn about market solutions to asymmetric information
- Consider why democratic voting systems may not represent the preferences of society
- Consider why people may not always behave as rational maximizers

#### **You should be able to:**

- Describe the information asymmetry in the labour market
- Explain why insurance companies screen potential customers
- Generate an example of the Condorcet voting paradox
- Explain why people are willing to sign contracts that require them to contribute a portion of their salary to a retirement savings program