Name: _____

Economics
Southmont Christian Academics

BASIC ECONOMICS

CHAPTER 3: Price Controls

QUESTIONS

1. When is it politically expedient to impose price controls?

2. How did rent control after WWII cause a shortage, even though there was no shortage before rent control?

3. What do government price controls do? (Check all that apply)
   a) encourage people to use/demand more at the lower price
   b) discourage production by limiting profits
   c) benefit the rich, who can pay bribes to have access to the now-limited supply
   d) make things better for lower-income families

4. What types of building projects do investors build when they can't make a good profit on apartment buildings?

5. Why are many rent controlled buildings eventually abandoned?

6. Why do politicians frame the act of working for profit as "greedy?" What does this accomplish for them?

7. Give an example of a scarcity without a shortage (think about hoarding during COVID).