CRASH COURSE: ECONOMICS

EPISODE 20: Price Controls, Subsidies, and the Risks of Good Intentions

STUDENT QUESTIONS

1. Which U.S. president froze wages and prices for 90 days in an effort to fight inflation?

2. What do economists call the practice of government setting prices?

3. What is the logical result of government setting a price ceiling (maximum legal price)?

4. What do farmers do when the government sets a price floor for their crops?

5. Which price control is an exception to the rule that economists don't like such controls?

6. What is true of the supply produced when a price ceiling is imposed?

7. Which nation was using price ceilings on basic foods, toilet paper, and medicines when the video was made?

8. What kind of price ceiling can be found in New York and San Francisco?

9. About what percentage of economists think that these cities' policies are unwise?

10. What economic situation do price floors create?

11. What term refers to a government payment given to individuals or businesses in order to advance a specific public goal?

12. What benefits will likely happen if the government pays farmers that produce a certain crop?

13. What negative things will likely happen if the government pays farmers that produce a certain crop?

14. What percentage of economists do not agree with providing subsidies to farmers?

15. When did the U.S. begin giving specific aid to farmers?

16. What scandalous facts did the *Washington Post* reveal about farm subsidies in the 21sr century?

17. What is one product that some economists approve of subsidies for?

Free Response Prompt

_Imagine that the government imposed a price ceiling on gasoline. Explain why this policy might be very popular in the short run but just as unpopular in the long run.