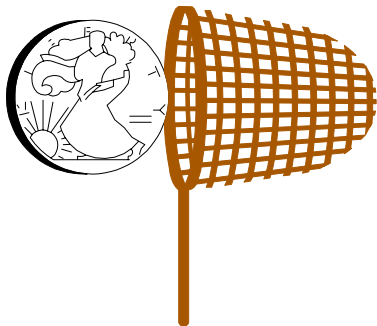


NAME: _____



“Economics U.S.A.: Price Controls”

1. What does the “invisible hand” do? [3 things]
2. Why did prices go up during the late 60s and early 70s?
3. How high did inflation get in the Nixon years?
4. What was the short-term result of the Nixon price controls?
5. What was the long-term result of the Nixon price controls?
6. What was the major force that doomed the Nixon price freeze?
7. Which of the determinants of supply was at work in #6?
8. Explain why Dr. Gill is wrong when he says demand and supply are equated at equilibrium.
9. Who is John Kenneth Galbraith?
10. How did corporate profits rise during the WWII price controls?
11. Why were WWII price controls successful?
12. What were the motives for rent control in N.Y.?
13. What were the effects of rent control in New York?
14. Why didn't investors invest in apartments in New York?
15. What caused owners to abandon their apartment buildings?
16. What is the effect of “subordinating the economic factor to the social factor?” (quoting Mayor Abraham Beame)
17. Draw a graph below which shows the result of price controls which hold prices below equilibrium.