**Economics U$A** – Economic Efficiency: Price Controls

If the open-air market was **totally** efficient, how much product would the sellers have at the end of a given selling period? How many customers would leave without the products they came to buy at the price listed?

Why did President Nixon introduce price controls for meat? Did they work temporarily? What happened when they were lifted?

*Describe the effects on the products below based on what happened with price controls…*
*(It is a demand or supply shift?* ***Draw the shift****! Is there a control in place? Draw the control)*

Wheat Cattle (with Price Control) Cattle (w/o Price Control)

John Kenneth Galbraith explains that all prices needed to be controlled in WWII. What was causing the spike in prices (as happened in WWI… with terrible results) during WWII?

Why were **profits** for companies included in the war production figures? What was Roosevelt’s rational for making it attractive for companies? Did it work for companies and the country?

The timing of the price controls (1940s) was remarkably suitable for a public that was ok with limited wages, and rationed goods. Why were they so agreeable at this time? (Think **historical** – two main reasons)

Why were rent controls so **destructive** in the decades after WWII in New York City?