**NAME: HOUR:**

**Economics Crash Course Video Questions**

***Week of May 18th***

**Episode 20 – Price Controls, Subsidies, and Risks of Good Intentions**

1. Explain why someone becoming president with the promise of putting a cap on all prices (not allowing them to rise) is actually a bad idea.
2. Explain the idea of price controls.
3. Identify AND define the two main types of price controls used.
4. What happens to the supply of goods under EACH of the two different types of price controls?

***“In terms of actually helping consumers and producers, the vast majority of economists consider price controls counterproductive. But there is one notable exception, minimum wage.”***

1. Why do economists tend to oppose price controls?
2. Why is the minimum wage seen as the price control economists will advocate for?
3. Explain your feelings on the minimum wage (you can think of who it should it apply to, should it be raised or lowered, etc.).

***“Economists are not at all split on rent control. Pretty much all of them think that price ceilings on rent reduce the quantity and quality of the housing that’s available.”***

1. What are the arguments in support of AND in opposition to rent control?
2. Do you agree with the idea of rent control? Explain why or why not.

***“A survey of economists found that 85% think that the United States should eliminate agricultural subsidies.”***

1. What are subsidies and what is their purpose?
2. Why do economists generally disapprove of agricultural (farm) subsidies?
3. Do you agree with the idea of agricultural subsidies? Explain why or why not.
4. What would renewable energy technology subsidies involve?
5. Do you agree with the idea of renewable energy technology subsidies? Explain why or why not.
6. What does it mean that subsidies aren’t really good or bad – that they depend on the values of society and the markets in question?

**Episode 21 – Market Failures, Taxes, and Subsidies**

***Sample Exam Question – Select whether you want 2 points or 6 points added to your final paper grade. But there’s a small catch…if more than 10% of the class selects 6 points, then no one gets any points.***

1. If this question were given to your class on a final paper, what do you think would be the result? Why do you think that?

***Government Voting Situation – Select whether you want to pay $20 or $100 to fund the local fire department, but there’s a small catch. If more than 50% of citizens choose $20, there’s not going to be enough money to have a fire department.***

1. If this were a proposal on a voting ballot in the city of Warren, what do you think would be the result? Why do you think that?
2. Explain the free rider problem.
3. What are some things considered essential for the common good that must be provided and why are they seen as market failures?
4. Explain the two key parts that define something as being a public good.
5. Explain what the Tragedy of the Commons means.

***“If you can’t prevent others from exploiting a resource, then you have an incentive to exploit it”***

1. Explain an example of how the above quote works in our economy.
2. What are externalities?

***“The free market assumes that all the costs associated with producing TVs are accounted for within the price of those TVs, but, in this case, the market is wrong”***

1. Why is the market wrong in the situation described in the above quote?
2. What are the two types of externalities and what are examples of each?
3. Do you think there are some externalities or regulations that you feel need to be addressed either locally or nationally (are there issues that need to be corrected or regulations that are not needed)?
4. What type of actions are involved in market based policies (in dealing with externalities)?
5. What types of market based policies and actions have been implemented toward cigarettes?
6. What specific actions regarding taxes have been proposed to deal with climate change?

***World Situation – Select whether you want to decrease your pollution by 5% or 20%, with a small catch: If more than 50% of countries choose only 5%, then climate change will make the world unlivable.***

1. If this were a situation where the countries of the world were making this decision, what do you think the result would be? Why do you think that?

**Episode 24 – Revenue, Profits, and Price**

1. What are the two types of profit and define each of them.
2. What is the difference between explicit costs and implicit costs?
3. What does normal profit refer to?
4. Identify and define the main two types of cost in the costs of production.
5. What does average cost mean and what happens to average cost as more units of a product are made?
6. How does average cost look in the auto industry and why is that?
7. What is economies of scale?
8. Why do larger companies tend to have the cost advantage over smaller companies?
9. According to the video, what is actually the main goal for a business?
10. Explain the Profit Maximizing Rule.
11. What is the Law of Diminishing Marginal Returns?
12. How does the Law of Diminishing Marginal Returns apply to the example of the pizzeria or farming?
13. Explain how the Law of Diminishing Marginal Returns applies to you as a student in some way.
14. What are sunk costs?
15. Do you think people generally make more rational or irrational economic decisions? Why do you think that?