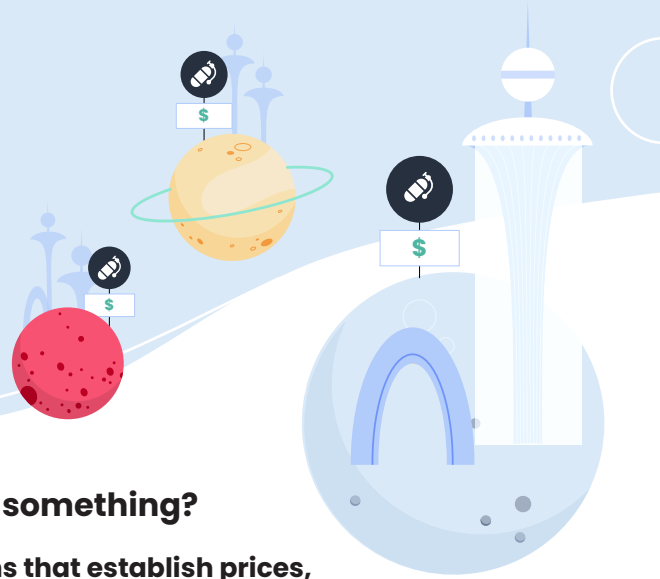


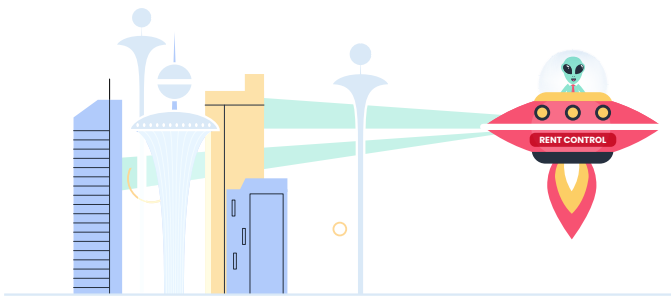
Prices:

Why do they matter?



Who should decide the price of something?

Governments sometimes set laws and regulations that establish prices, but it doesn't generally pay off for consumers.



Price ceilings: Limits on how much a business is allowed to charge for goods or services

Rent control laws:

- Restrict how much landlords can increase rent in a given year

Price gouging laws:

- Prohibit businesses from unfairly increasing prices when buyers are vulnerable.



Price ceilings give bad incentives to consumers and businesses.

Shortages:

Businesses have less reason to meet demand while consumers have little reason to conserve.

Low-quality goods:

There are fewer incentives to deliver high-quality products when prices can't change.

Competition is a more effective (and less controlling) way to keep prices low and support prosperity for all.

DISCUSSION

1. How could wealth redistribution discourage innovation?
2. What kinds of government policies can prevent exploitation?
3. What is "rent-seeking", in your own words?