**Price Controls – Day 7 Questions**
Econ 201/Haworth

*The questions below are provided to test your understanding of this day's material.*

*To receive credit for this assignment, go to Assignments and find the folder entitled Daily Questions. Inside that folder, you'll find a folder entitled Section 1. Once you're in that folder, click on the link that says* ***Price Controls-Day 7*** *and complete the assignment. When you are finished, you may submit. Remember that the deadline for submitting this Day 7 Daily Question assignment is Monday, February 6, at 9:00pm.*

*Question #1 assumes we are working with the market for fast food restaurants within Louisville (i.e. Jefferson County).*

1. If Louisville City government imposes a price floor on the wages paid to fast food restaurant employees, and this floor is set higher than the average wage of those employees, then which of the following is the direct effect of this price floor:
a. shortage of fast food restaurant employees
b. surplus of fast food restaurant employees
c. increase in demand for fast food restaurant employees within Louisville
d. decrease in demand for fast food restaurant employees within Louisville
e. answers a and c
f. answers b and d
g. the price floor will have no effect on this market

*Questions #2-3 assume we are working with the Louisville market for good X*
2. If Louisville City government imposes a price ceiling on good X that is above the equilibrium price, then which of the following is the direct effect of this price ceiling:
a. shortage of good X
b. surplus of good X
c. decrease in demand for good X within Louisville
d. increase in demand for good X within Louisville
e. answers a and d
f. answers b and c
g. the price ceiling will have no effect on the market for good X

3. If Louisville City government imposes a price ceiling on good X that is below the equilibrium price, then which of the following is the most likely indirect effect of this price ceiling:
a. entry of new firms into the market
b. exit of existing firms from the market
c. shortage
d. surplus
e. there is no indirect effect when a price ceiling is set below the market price