

The price system

[Literature](#), [Russian Literature](#)



THE PRICE SYSTEM Question An example from the article that describes a market process is the scar of rations that increased the demand and price adjustments. It is apparent that the supply of the rations reduced, which made the smokers to have limited food to consume. As a result, the smokers would benefit by selling their commodities such as chocolates to other individuals in order to raise money for the acquisition of cigarettes (Radford 1945, p. 189).

Question 2

Cigarettes emerged at the currency within the camp because they were relatively standardized, durable and a size suitable for both small and large transactions. The cigarettes packed in packets were essential for large transactions because they attracted good offers from the smokers. However, the cigarettes were also not convenient for a currency because people smoked them during the low supply seasons (Radford 1945, p. 190). The other disadvantage is that some prisoners reduced the tobacco contents in the cigarettes to make their own hand-rolled cigarettes for resale.

Question 3

A barrel of oil can be used to produce both gasoline and asphalt. If the price of gasoline falls, the supply of asphalt increases and asphalt prices rises.

Question 4

If a war in the Middle East makes oil increasingly scarce, then oil usage should fall the most in low-value uses.

Question 5

British households devise arrangements to share their washing machines because of the high demand that the machines attract in the

neighbourhoods. It is apparent that most British do not like washing their clothes because of time limitations and the high prices charged at the laundries. As a result, they enjoy spending money on expensive durable goods that they use for a few hours each week, which are cheaper than acquiring the services of the launders.

Question 6

The difference between the entrepreneur and all other participants in a project is that the entrepreneur accepts responsibility for the outcome.

Question 7

During the alcohol beverages prohibition in the US between 1920 and '33, whisky and gin were plentiful because the clients were willing to use the substitutes. It is apparent that the shortage of a product will increase the demand of the substitute commodities. This is because the clients were willing to consume any alcoholic drink that could help them overcome the thirst or enjoy their time.

Question 8

1. Decrease
2. Increase
3. Increase
4. Increase
5. Increase
6. Decrease
7. Increase
8. Increase
9. Increase

10. Decrease

11. Decrease

12. Increase

13. Decrease

14. Increase

15. Reduce

16. Increase

17. Increase

18. Increase

Question 9

Price control is government's intervention in the liberal markets in a bid to set the maximum and minimum charges for commodities. An example of the price control is the price ceiling, which the highest price to charge, while the price floor is the lowest cost to implement. In this regard, prices set by the government can cause either a shortage or a surplus in the economy.

Graph Retrieved from: < <http://thismatter.com/economics/price-controls.htm>> Question 10

The property rights of people are the privileges to control the way in which particular resources will be used. This does not consider the owner of the property, whether it is possessed by an individual or the state.

Bibliography

Radford, Richard, A. 1945. " The Economic Organization of a P. OW. Camp." *Economica*, New Series, Vol. 12, No. 48, P. 189-201.