

or exit the market.

- **What is a price ceiling?**

- A price ceiling is like a cap set by the government on how much people can charge for certain things, like rent in cities, to keep prices affordable.

- **What is a price floor?**

- A price floor is the lowest price the government allows for certain goods or services. For example, minimum wage laws set a price floor for workers' pay.

- **Give an example of a price ceiling.**

- Rent control in big cities is a classic example of a price ceiling, where laws limit how much landlords can charge tenants to keep housing costs down.

- **Give an example of a price floor.**

- Minimum wage laws are a perfect example of a price floor. They set the lowest hourly rate workers can be paid to ensure they earn a fair wage.

- **What happens to equilibrium quantity when both demand and supply rise together?**

- When both demand and supply increase at the same time, the amount of goods available at equilibrium rises too. Whether prices go up or down depends on which increase is bigger.

- **Explain the impact on equilibrium price and quantity with decreased supply and increased demand simultaneously.**

- In this scenario, prices usually go up because there's less supply available and more people want to buy. How much prices rise and how many goods are sold depends on which change is larger.

- **What does the term 'ceteris paribus' mean in economics?**

- 'Ceteris paribus' is a fancy Latin phrase meaning "all other things being equal." It's used by economists to focus on how two things affect each other without outside factors getting in the way.