

Rationing

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Content Area: U.S. History

Grade Level Options: 11

This lesson is adapted from “Everybody Wins When Government Control Prices! Or Do They?” a Social Studies Coalition of Delaware Signature Lesson, written by Brian Feeley and edited by Barbara Emery.

Summary of Lesson: Using primary sources and several different case scenarios, students will explore the idea of government sanctioned rationing. The students will then examine the effectiveness of government rationing that took place during World War II.

Resources Needed:

- [Resource One: Sugar Allowance Coupons](#)
- [Resource Two: O.P.A. Top Legal Prices](#)
- [Visual One: Base Supply and Demand Graph](#)
- [Visual Two: Supply/Demand for One-bedroom Apartments](#)
- [Visual Three: Supply and Demand for Corn](#)
- [Anticipation Guide](#)
- [Analyzing Scenarios \(Key Included\)](#)

Desired Results

What students will know, do, and understand

Delaware Social Studies Benchmarks Economics One 9-12a: Students will demonstrate how individual economic choices are made within the context of a market economy in which markets influence the production and distribution of goods and services. **Essential for Grade 11**

Lesson Essential Question: How do government policies affect markets?

Learning Plan

Instructional Strategies

Strategy One: Gathering Information Document Analysis

Have students watch this video to introduce rationing and recycling during war time.

<https://www.pbs.org/video/war-rationing-and-recycling/>

Distribute *Sugar Allowance Coupons* and *Top Legal Prices* documents. Ask students to complete the primary document analysis chart and share their predictions.

Strategy Two: Gathering Information Anticipation Guide

Ask students to complete the *Anticipation Guide* by writing “A” for agree and “D” for disagree on the left side of the six statements about government pricing regulations. Ask students to share their answers and reasoning.

Display *Visual One: Base Supply and Demand Graph*. Ask students:

- **How is the price of a good or service determined?**

When consumers and producers interact in a market so that the quantity consumers are demanding equals the quantity producers have supplied. This is the most efficient place to produce because there are no shortages or surpluses, which mean resources have not been over allocated or under allocated to the production and consumption of the good.

- **What does it mean to be efficient?** *Consumers get what they want at the least cost to them. Producers make a good/service paying the least amount they can for the productive resources they need, then charge the highest price consumers are willing and able to pay.*

- Should the government set prices for goods and services? Should the government set prices during wartime? Answers will vary.

What were some unintended consequences of rationing? Students read the following article and identify unintended consequences of government economic interventions during WW II. <https://www.econlib.org/library/Enc/PriceControls.html>

Strategy Three: Extending and Refining Interpreting Economic Data – Price Ceilings

Students watch the following video and then read the article below.

Price Ceilings and Floors- Micro Topic 2.8.

<https://www.youtube.com/watch?v=1EzY4VI460U>

<https://www.u-s-history.com/pages/h1689.html>

Display Visual Two: Supply/Demand for One-bedroom Apartments and distribute one copy to each student. As a whole class, answer the following questions:

- What is the market equilibrium price and quantity? \$1200 per month and 70,000 apartments
- The city council of a large city has decided that rents are too high for the average resident, so it set a maximum price of \$900 per month for a one- bedroom apartment. Whom is this law designed to help? Consumers
- Draw the price ceiling on the graph at \$900. What will happen to the market for one-bedroom apartments when a price ceiling is imposed? At \$900, only 40,000 apartments will be available (quantity supplied). However, consumers want 100,000 at that price (quantity demanded). A shortage of approximately 60,000 apartments will occur.
- Who gains from this price limit? The first 40,000 consumers who get apartments pay less than the apartment is worth in the market. The landlords of those first 40,000 units who can cover their costs.
- Who loses from this price limit? The consumers who need the housing and would have been willing to pay more to get it. The landlords who can't afford to get only \$900.
- What expenses do landlords have?

Cost to build new apartments, property taxes, utilities, maintenance, upkeep, maintenance of grounds.

- **What steps could you take if you are a landlord and the government establishes a price limit?**

Do fewer repairs; have consumers pay all utilities; no on-site manager; discriminate on who moves in; charge to get on the waiting list; do not pay property taxes; abandon the building.

- **Why not sell out to some other entrepreneur?** *Few people want the property if they are limited as to what they can charge. Housing will not be the use for the land.*

Tell students that the price limit passed by city council is an example of a price ceiling. Define a price ceiling for them (price ceiling = a maximum legal price that can be charged for a good or service). No matter what the good or service, a ceiling will create shortages.

Strategy Four: Extending and Refining Interpreting Economic Data – Price Floors

Display [Visual 3: Supply and Demand for Corn](#) and distribute one copy to each student. In pairs, have students answer the following questions, then share their answers.

- **What is the market (equilibrium) price and quantity?**

\$5 per bushel and 1,700,000 bushels (17 X 100,000)

Tell students that the government of a nation is concerned because so many of its farmers are selling their farms because they are not able to compete at the equilibrium price. As a result, many laws are passed guaranteeing farmers a minimum price for various commodities. Tell students they will be analyzing what happens when farmers are guaranteed a minimum price, \$8 per bushel, for corn.

- **What will happen at the minimum price (price floor) guaranteed?**

At \$8, 2,400,000 bushels will be available (quantity supplied). However, consumers want only 800,000 bushels at that price (quantity demanded). A surplus of 1,600,000 bushels approximately will occur. Farmers overproduced and used more resources than the market wanted.

- **What will happen to those surpluses?** *The government will have to purchase, then store or dispose of the surplus corn.*

- **How does the government pay for the surpluses?** *With tax dollars.*

- Who gains from a price floor?

Producers of corn, with most profit going not to small farmers, but to those with large acreage.

- Who loses from a price floor?

Consumers of corn will be hurt, first by higher prices, then because tax dollars are used to deal with the surplus.

Strategy Five: Application Making Economic Predictions

Divide the students into pairs. Give each student [Analyzing Scenarios](#). Instruct students to identify each scenario as a price ceiling or price floor, then analyze the costs and benefits.

Discuss each scenario with the class. Teachers may refer to [Analyzing Scenarios: Answer Key](#). Have each pair choose one scenario and create a graph illustrating the effects of the action in the scenario. Students should label the graph and fully explain the effects of the action including who gains and who loses.

Students go back to the survey on prices and on the second line in front of each scenario, put an “A” if they agree or a “D” if they disagree with each statement. Ask students if their opinions changed? Why or Why not?

Assessment Evidence

Evidence that will be collected to determine whether or not the desired results are achieved

Check for Understanding

- Do you think that rationing was a wise governmental policy during World War II?

Students should read the following article before answering the question above.

Mises on Rationing and Price Controls in WW2

<https://oll.libertyfund.org/pages/mises-on-rationing-and-price-controls-in-ww2>

Explain your answer using economic analysis.

Primary Document Analysis Chart

	Sugar Allowance Coupons	O.P.A. Top Legal Prices
What is the purpose of the document? Who is the intended audience?		
Why might the U.S. government impose market regulations?		
What effect do you think these regulations had on producers and consumers? Why?		