

ECO 2023 – PRINCIPLES OF MICROECONOMICS
CHAPTER LEARNING OBJECTIVES

CHAPTERS 3 and 14
PRICE CONTROLS

The Micro Economy Today, 11th edition by Bradley R. Schiller

As you read through Chapters 3 and 14 of the assigned textbook, use these objectives as a guide for note taking. Yes, I really expect you to read this chapter! Yes, I really expect you to take notes on what you are reading about within this chapter! That's how you LEARN new subject material! Provide an "answer" to each of the learning objectives listed below, and then cross-reference this list with the in-class lecture notes that you've taken on this chapter. Of course there will be some overlap in the coverage of topics! If it's important for you to know after reading this chapter, then it's on the list below. Remember, I use the lecture period to highlight super-important concepts and to relate them to current events. You HAVE TO read along in the textbook if you want to acquire all of the information you will need for testing purposes!

After a careful reading of Chapter 3 pages 62 - 63, the student is expected to be able to:

- (1) Define the term *price ceiling*.
- (2) Understand why the quantity of human organs supplied is limited.
- (3) Discuss how market incentives could potentially increase the quantity of human organs supplied.
- (4) Understand the motivation behind the passage of the National Organ Transplant Act of 1984 and how it creates a "zero price ceiling" in the market for human organs.
- (5) Within a simple supply and demand graph, illustrate the shortage created by the government in the market for human organs.
- (6) Discuss the three predictable economic effects of a price ceiling.
- (7) Explain how the government allocates human organs. You may want to visit the website of the United Network for Organ Sharing (www.UNOS.org) to get a better appreciation for this problem.

After a careful reading of Chapter 14 pages 286 - 290, the student is expected to be able to:

- (8) Define the term market surplus.
- (9) Within a simple supply and demand graph, illustrate the surplus created by government imposition of price supports in agricultural markets.
- (10) Discuss the three predictable economic effects of a price floor.
- (11) Discuss the three general ways in by which the government can reduce the size of the surplus created by price floors.
- (12) Define the term acreage set-aside.
- (13) Discuss the advantages of direct income support over price floors.