

Week #5 Worksheet – Price Control ~ Deadweight Loss

*Mostly, Demand and Supply Analysis Related.

What happens to the equilibrium price and quantity in the market:

- a. Equilibrium price increases, equilibrium quantity increases
 - b. Equilibrium price increases, equilibrium quantity decreases
 - c. Equilibrium price decreases, equilibrium quantity decreases
 - d. Equilibrium price decreases, equilibrium quantity increases
 - e. Equilibrium price increases, the change in equilibrium quantity is ambiguous
 - f. Equilibrium price decreases, the change in equilibrium quantity is ambiguous
 - g. The change in equilibrium price is ambiguous, equilibrium quantity increases
 - h. The change in equilibrium price is ambiguous, equilibrium quantity decreases
 - i. None of the above. Why?
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1. Market for cotton: Recent flooding in China and Pakistan has wiped out many cotton crops.
 2. Market for 3D TVs: A technological advancement is made in the production of 3D TVs.
 3. Market for loanable funds: Interest rates increase
 4. Market for summer labor: The equilibrium wage is \$10.00 and the government imposes a minimum wage of \$8.00.
 5. Market for beer: A serious drought destroys 30% of all hops and barley.
 6. Market for disco music in Raleigh: Disco Stu skates through town and a disco craze takes over the NC State.
 7. Market for peanut butter: A study finds that peanut butter eaters tend to live longer than non-peanut butter eaters. At the same time, there is an exceptionally large yield of peanuts during the harvest.
 8. Market for housing: Interest rates increase.
 9. Market for construction labor on the Texas Gulf Coast: Oil prices increase and owner organizations wish to execute a larger number of capital maintenance projects. At the same time bonuses and per diems increase drastically in Louisiana for similar types of work.