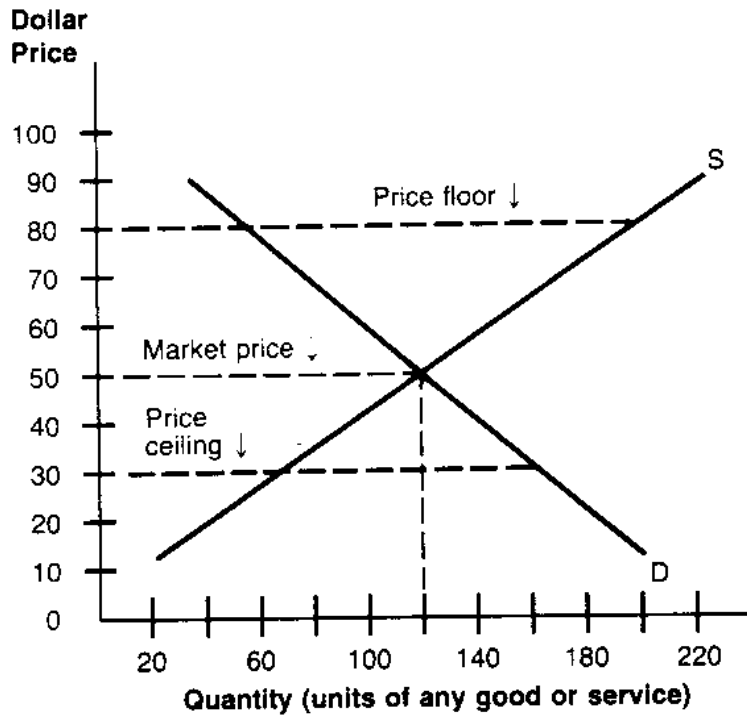


Price Controls Worksheet

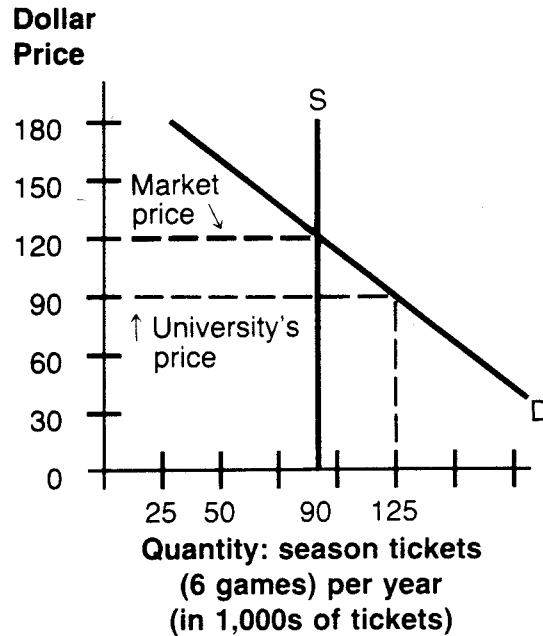
Part 1: Interpreting Price Floors & Price Ceilings



- What is the market price (equilibrium price) in the graph?
- What quantity is demanded & what quantity is supplied at the market price?
 Quantity demanded _____
 Quantity supplied _____
- What quantity is demanded & what quantity is supplied if the government passes a law setting a maximum price of \$30?
 Quantity demanded _____
 Quantity supplied _____
- What is the main problem with the government setting a maximum price of \$30?
- What quantity would be demanded & what quantity would be supplied if the government passes a law setting a minimum price of \$80?
 Quantity demanded _____
 Quantity supplied _____
- What is the main problem with the government setting a minimum price of \$80?

Part 2: University of Tennessee Football Season Tickets

For the following questions, assume that the graph below represents the market for season tickets to University of Tennessee home football games, with the university setting the price of a season ticket at \$90.



7. Why is the supply curve a vertical line?
8. How many tickets are available at the university's price?
9. How many tickets do UT fans wish to buy at the university's price?
10. What is the problem with respect to supply & demand illustrated in the graph?
11. Does the graph illustrate a price floor or a price ceiling? How can you tell?
12. Would this situation cause an increase in "scalping" or "black market" sales of UT tickets?
13. How could the university eliminate the possibility of "scalping" or "black market" sales of UT tickets?