

# Microeconomics

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Primary Textbook: Krugman's Microeconomics for AP

Teacher: Schweitzer

# 1 Chapter 2 - Supply and Demand

## 1.1 Price Controls

1. Governments can intervene in the market for the benefit of sellers or buyers, based on moral or political arguments, placing price controls in the form of a ceiling or floor
  - (a) In inefficient markets, price controls can often not hurt the market efficiency, but can rather improve it
2. Price ceilings are generally used during major shortages, such as wars or natural disasters, that hurt the general public