



**FIGURE 3.8**  
**Organ-Transplant Market**

A market in human organs would deliver the quantity  $q_E$  at a price of  $p_E$ . The government-set price ceiling ( $p = 0$ ) reduces the quantity supplied to  $q_a$ .

supplied can't be increased with price incentives. In general, *price ceilings have three predictable effects; they*

- *Increase the quantity demanded.*
- *Decrease the quantity supplied.*
- *Create a market shortage.*

**The Deadly Shortage.** Figure 3.8 illustrates the consequence of this price ceiling. At a price of zero, only the quantity  $q_a$  of “altruistic” organs is available (roughly one-third of the potential supply). But the quantity  $q_d$  is demanded by all the organ-diseased individuals. The market shortage  $q_d - q_a$  tells us how many patients will die. To escape this fate, many rich patients use the Internet to search for organs around the world (see World View).

Without the government-set price ceiling, more organ-diseased patients would live. Figure 3.8 shows that  $q_E$  people would get transplants in a market-driven system rather than only  $q_a$  in the government-regulated system. But they'd have to pay the price  $p_E$ —a feature regulators say is unfair. In the absence of the market mechanism, however, the government must set rules for who gets the even smaller quantity of organs supplied.

## webnote

The United Network for Organ Sharing ([www.UNOS.org](http://www.UNOS.org)) maintains data on organ waiting lists and transplants.

## WORLD VIEW

### Growing Organ-Supply Shortfall Creates Windfall for Online Brokers

Growing demand for organ transplants world-wide is bringing new clout to online middlemen who charge ailing customers enormous fees to match them with scarce body parts.

These brokers have stepped in to fill a breach created by steep shortfall in supply. In rich nations, people are living longer at the same time that a drop in deaths from automobile accidents has shrunk a key source of donated organs. Since buying and selling of organs is illegal almost everywhere, brokers say they match prospective patients with sources outside their own country's health system. Forbes located offers of transplants online priced at anywhere from 60% to 400%

more than their typical costs. One California broker arranges kidney transplants for \$140,000, and hearts, livers and lungs for \$290,000. Most of these transplants are being carried out in hospitals in developing countries where medical and ethical standards “don't rise to Western levels.”

—Wendy Pollack

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**Analysis:** Where shortages exist, the market mechanism will try to find an equilibrium. The *global* market in human organs favors the rich, however.