

Supply and Demand Worksheet



Partner Names: _____ Hour ____ Date: _____

Directions: Work individually to complete this worksheet. Please initial after each question you write.

+ = all space is completely used w/ legible answers. ✓ = expectations were met but not exceeded. - = redo assignment

1. Draw a supply curve for the following situation. Be sure to label each axis (the x-axis is # of sellers; the y-axis is price):

At \$0 per cob, zero farmers will sell their sweetcorn at the farmers market. At \$1 per cob, maybe 1 farmer will sell their corn. At \$2 per cob, 2 farmers will sell their corn. At \$3 per cob, 3 farmers will sell. At \$4 per cob, all four farmers would sell corn.

2. Draw a demand curve for the following situation. Be sure to label each axis (the x-axis is # of buyers; the y-axis is price):

At \$1 per cob, four buyers will purchase sweetcorn at the farmers market. At \$2 per cob, maybe 3 people will buy corn. At \$3 per cob, 2 people will buy sweetcorn. At \$4 per cob, 1 person will buy.

3. What is the equilibrium price? \$ _____
4. In the spaces below, provide examples of 3 demand curve shifters and explain how these shifters would change the equilibrium price for sweet corn.

5. In the spaces below, provide examples of 3 supply curve shifters and explain how these shifters would change the equilibrium price for sweet corn.

6. What would be a substitute good for this corn? _____

Explain why this good is a substitute for corn: _____

7. What would happen to the equilibrium price of corn if the price of this substitute decreased dramatically?

_____ Why? _____

8. What would be a complementary good for this corn? _____

Explain why this good is complementary to corn: _____

9. What would happen to the equilibrium price of corn if the price of this complementary good decreased dramatically?

_____ Why? _____

10. This farmers' market has multiple corn vendors. One of the best known vendors has to close his stand because his corn is plagued by worms. If you are a vendor of sweetcorn...

How could this **increase** the equilibrium price for your corn? _____

How could this **decrease** the equilibrium price for your corn? _____

11. You receive a loan to purchase a new planter that will cut your planting time in half. What would this do to the equilibrium price of corn? Show using a graph and then explain what the graph means.



12. For each of the following, determine if that good or service has high or low elasticity of demand. Then explain why you chose that answer.

Milk

High Elasticity

Low Elasticity

Explain: _____

Gasoline

High Elasticity

Low Elasticity

Explain: _____

Music on iTunes

High Elasticity

Low Elasticity

Explain: _____

Chocolate

High Elasticity

Low Elasticity

Explain: _____

Diabetes Medication

High Elasticity

Low Elasticity

Explain: _____

13. You are elected to the city council of Fakesburg. The rent of Fakesburg has increased dramatically, and a lot of your constituents are complaining that the price of rent is too high. On average, the rent is about \$1200 per month for a standard-sized apartment.

Another representative on the city council is proposing a bill to keep rent below \$1000 per month or less.

Is this a good idea? _____ Explain: _____

14. What will happen to the level of supply vs. the level of demand for apartments if this bill passes? _____

Why would this happen? _____

15. What will likely happen to the quality of these apartments if this bill passes? _____

Why? _____

16. As a result of your success on city council, you are elected to the US Congress. Your first vote is on a bill to raise the price of agricultural commodities to help farmers. The bill states that whatever the current price is on the market, the government will increase this by 15%. Will you vote in favor or against this bill?

Circle one: In Favor Opposed Explain why: _____

17. You have a chance to amend this bill. How would you change it so that it works economically? _____
