

Section 1: Quiz

Combining Supply and Demand



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- ___ 1. point at which supply and demand come together
- ___ 2. when quantity supplied is not equal to quantity demanded
- ___ 3. when quantity demanded is more than quantity supplied
- ___ 4. legal maximum that can be charged for a good

Column II

- a. price ceiling
- b. excess demand
- c. equilibrium
- d. disequilibrium

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- ___ 5. When the quantity supplied is greater than the quantity demanded, what is the condition known as?
 - a. abundant supply
 - b. disequilibrium
 - c. excess availability
 - d. excess supply
- ___ 6. What is the government-controlled price ceiling on apartment prices called?
 - a. floor pricing
 - b. rent control
 - c. equilibrium level
 - d. rent monitoring
- ___ 7. When the government sets a price floor on earnings, it is called which of the following?
 - a. market equilibrium rate
 - b. base-level wage
 - c. minimum wage
 - d. employment guarantee
- ___ 8. Until 1996, the United States used price supports in agriculture by doing what to create demand?
 - a. setting legal price floors
 - b. buying excess crops
 - c. setting legal price ceilings
 - d. raising prices
- ___ 9. What happens when any market is in disequilibrium and prices are flexible?
 - a. Market forces push toward equilibrium.
 - b. Sellers waste their resources.
 - c. Excess demand is created.
 - d. Unsold perishable goods are thrown out.
- ___ 10. Why does a government place price ceilings on some "essential" goods?
 - a. to prevent inflation during boom times
 - b. to keep business people from making large profits
 - c. to keep the goods from becoming too expensive
 - d. to reduce demand for these goods

Name _____

Date _____

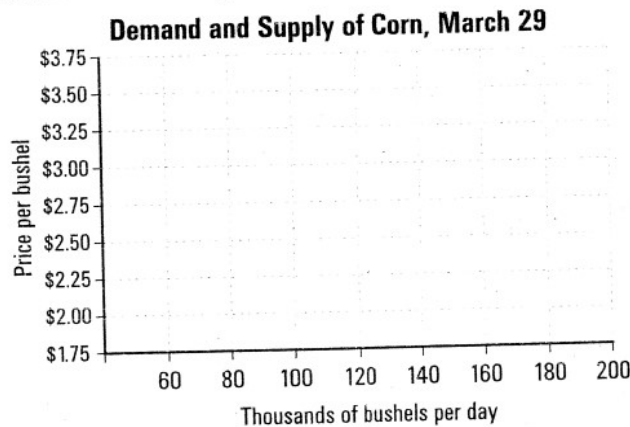


ECONOMIC SKILLS LAB ECONOMICS ON A GRAPH-GRAPHING

The following table presents the demand and supply of corn on March 29.

DEMAND AND SUPPLY FOR CORN, MARCH 29		
Price per Bushel	Number of Bushels People Want to Buy (in thousands)	Number of Bushels People Want to Sell (in thousands)
\$3.50	80	200
\$3.25	100	180
\$3.00	120	160
\$2.75	140	140
\$2.50	160	120
\$2.25	180	100
\$2.00	200	60

Use the graph below to plot the demand for corn shown in columns 1 and 2 in the table. Connect the points and label the line "D." The line you have drawn is the *demand curve* for corn. Draw the supply curve in the same way by using columns 1 and 3. Connect the points to complete the *supply curve*. Label this curve "S."



1. What is the market-clearing price of corn in the graph you have drawn?

2. Suppose the price of corn is \$3.25 per bushel. Is there a shortage or a surplus of corn at that price? If so, how big is it?

3. Suppose the price of corn is \$2.25 per bushel. Is there a shortage or surplus of corn at that price? If so, how big is it?

4. If the price of corn is above its market-clearing level, there is a surplus. Does this mean corn is no longer scarce? Explain.

