Supply and Demand Worksheet *by C. Kohn, Waterford WI*

Partner Names: Hour Date:

Date Assignment is due: Why late? Score: + ✓ -
 If your project was late, describe why

**Directions**: Work with your assigned partner to complete this worksheet. When one person is writing, the other should help them determine what to write. Switch roles after each question. 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?