Demand and Supply Worksheet

Answer the questions, respond to the statement, respond to the commands by using the referenced readings and Help Sheets referenced.

1. State the definition of demand? (See Demand supplementary reading)

2. Graph a demand schedule. (See Practical #4A Help Sheet)

3. Determine the slope of a demand curve. (See Practical #4A Help Sheet)

4. What kind of a graphical relationship does a demand curve represent? (See Practical #4 Help Sheet)

5. State the law of demand. (See Demand supplementary reading)

6. Justify the law of demand. (See Demand supplementary reading)

7. In 1972 the price of a good was $8.00 and the quantity demanded was 500 units. In 1980, the price of the good was $6.00 and the quantity demanded was 300 units. Does this good violate the law of demand since the quantity demanded of the good did not increase as its price decreased? (See Demand supplementary reading)

8. Why is a demand curve valid only in a specified time period? (See Practical #7 Help Sheet)

9. Demonstrate a change in quantity demanded. (See Demand supplementary reading)

10. What causes a change in quantity demanded? (See Demand supplementary reading)

11. Demonstrate a change in demand. (See Demand supplementary reading)

12. What are the five factors that cause a change in demand? (See Demand supplementary reading)

13. Demonstrate the affect that an increase in income has on the demand for a normal good. (See Demand supplementary reading)

14. Demonstrate the affect that an increase in income has on the demand for an inferior good. (See Demand supplementary reading)

15. Demonstrate the affect that a decrease in income has on the demand for a normal good. (See Demand supplementary reading)
16. Demonstrate the affect that a decrease in income has on the demand for an inferior good. (See *Demand* supplementary reading)

17. What types of goods are represented in the graphs below? (See *Demand* supplementary reading)

![Graphs showing income and quantity demanded](image)

18. Assume that there is an oil spill in the Texas Gulf. What affect would the oil spill have on the demand for Texas jumbo shrimp? What affect would the oil spill have on the supply of Texas jumbo shrimp? (See the *Demand* and the *Demand and Supply* supplementary readings)

19. Assume that you like tomatoes but that you did not like tomatoes when you were a child. What happened to your demand curve for tomatoes as your preference for tomatoes changed? (See *Demand* supplementary reading)

20. Assume that margarine and butter are substitutes. Demonstrate what happens to the prices and quantities of margarine and butter when the supply of butter decreases. (See *Demand* supplementary reading)

![Price vs. Quantity graphs](image)
21. Assume that margarine and butter are substitutes. Demonstrate what happens to the prices and quantities of margarine and butter when the supply of butter increases. (See *Demand* supplementary reading)

22. Assume that cereal and milk are complements. Demonstrate what happens to the prices and quantities of cereal and milk when the supply of milk decreases. (See *Demand* supplementary reading)

23. Assume that cereal and milk are complements. Demonstrate what happens to the prices and quantities of cereal and milk when the supply of milk increases. (See *Demand* supplementary reading)

24. Assume that you expect a lower price for a good in the future. What would probably happen to your present demand for the good? (See *Demand* supplementary reading)

25. Assume that you expect a large pay raise in two months. What would probably happen to your present demand for recreational goods? (See *Demand* supplementary reading)

26. Assume that the growth rate of the population increases. What would happen to the demand for food and housing? (See *Demand* supplementary reading)

27. Demonstrate an equilibrium price and quantity. (See *Demand* supplementary reading)

28. Demonstrate a shortage. (See *Demand* supplementary reading)

29. What causes shortages? (See *Demand* supplementary reading)
30. How can shortages be eliminated? (See *Demand* supplementary reading)

31. Demonstrate a surplus. (See *Demand* supplementary reading)
32. What causes surpluses? (See *Demand* supplementary reading)

33. How can surpluses be eliminated? (See *Demand* supplementary reading)

34. The market price for the rent of a two bedroom apartment is $500 per month. Assume that the government thinks that $500 is too much for the average person to afford so it sets $450 as the maximum rent that can legally be charged. Demonstrate this situation with a graph. What happens to the prices and quantities of apartments as a result of the rent ceiling? (See *Demand* supplementary reading)

35. Assume that the government thinks that farmers’ incomes are too low so it sets a minimum price for a bushel of corn that is above the market price of corn. Demonstrate this situation with a graph. What happens to the prices and quantities of corn as a result of the price floor? (See *Demand* supplementary reading)

36. What are the three factors that affect the slope of a demand curve? (See *Demand and Supply* supplementary reading)

37. Assume that a good has few substitutes because it is protected by a patent. What would probably happen to the slope of the good’s demand curve when the patent expires? (See *Demand and Supply* supplementary reading)

38. Would you expect a larger response in the quantity demanded of a good to a price change in the long run or in the short run? Explain your answer. (See *Demand and Supply* supplementary reading)

39. Assume that the price of salt and the price of steak dinners decreased by the same percent. How would you expect the percent changes in the quantities demanded of the two goods to compare? Explain your answer. (See *Demand and Supply* supplementary reading)

40. Demonstrate a relatively elastic demand curve, a perfectly elastic demand curve, a relatively inelastic demand curve, and a perfectly inelastic demand curve. (See *Demand and Supply* supplementary reading)

41. Demonstrate a relatively elastic supply curve, a perfectly elastic supply curve, a relatively inelastic supply curve, and a perfectly inelastic supply curve. (See *Demand and Supply* supplementary reading)

42. State the definition of supply. (See *Demand and Supply* supplementary reading)

43. State the law of supply. (See *Demand and Supply* supplementary reading)
44. Graph a supply schedule. (See *Practical #4A Help Sheet*)

45. Determine the slope of a supply curve. (See *Practical #4A Help Sheet*)