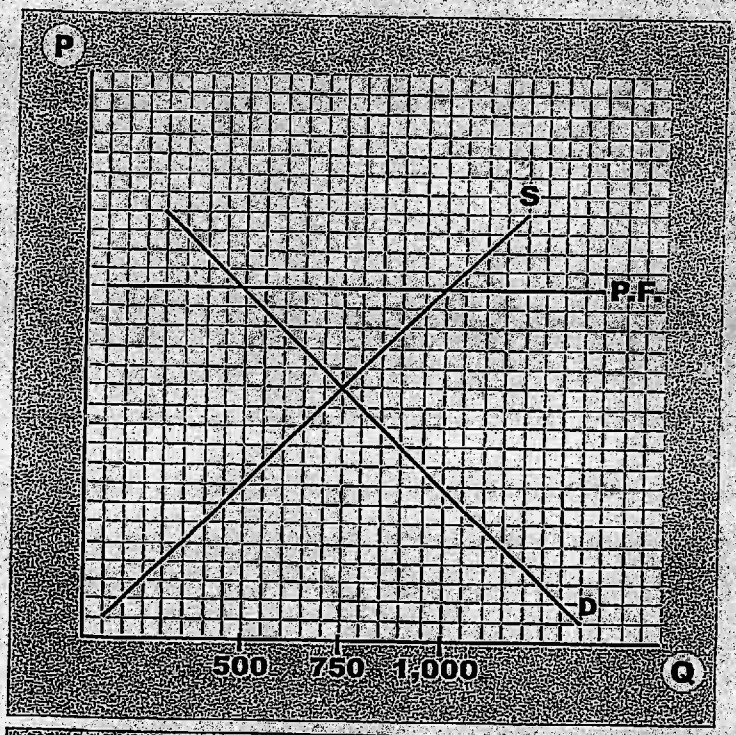
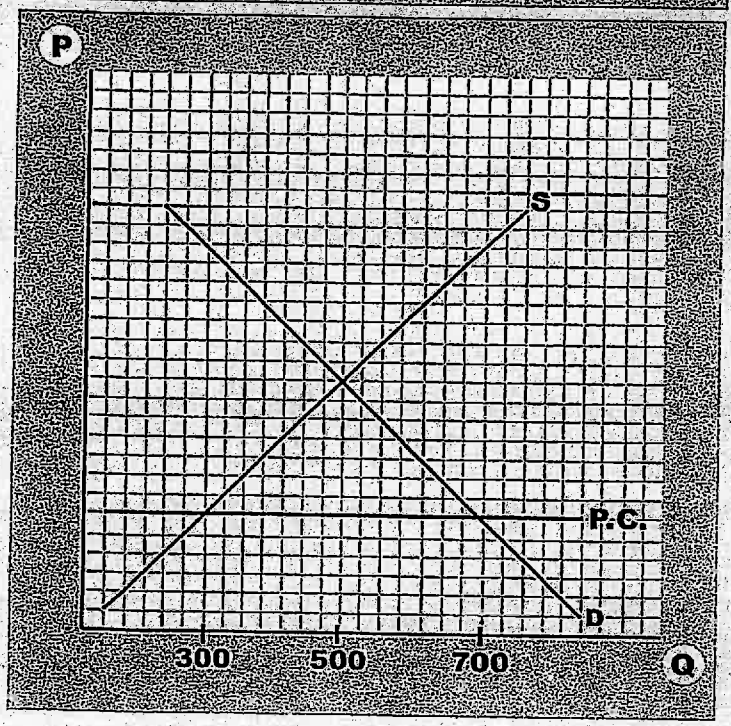
Name _____

Date/Period _____





Workbook Activity

Part One: Computing Surpluses and Shortages

Directions: There are two supply and demand graphs provided. The first graph illustrates a price floor and the second graph illustrates a price ceiling. First, determine if the graph represents a surplus or shortage. Then calculate the amount of the surplus or shortage.

1) Price Floor

Surplus or Shortage? _____

How much?

2) Price Ceiling

Surplus or Shortage? _____

How much?

USING SUPPLY AND DEMAND TO MAKE DECISIONS

3.8

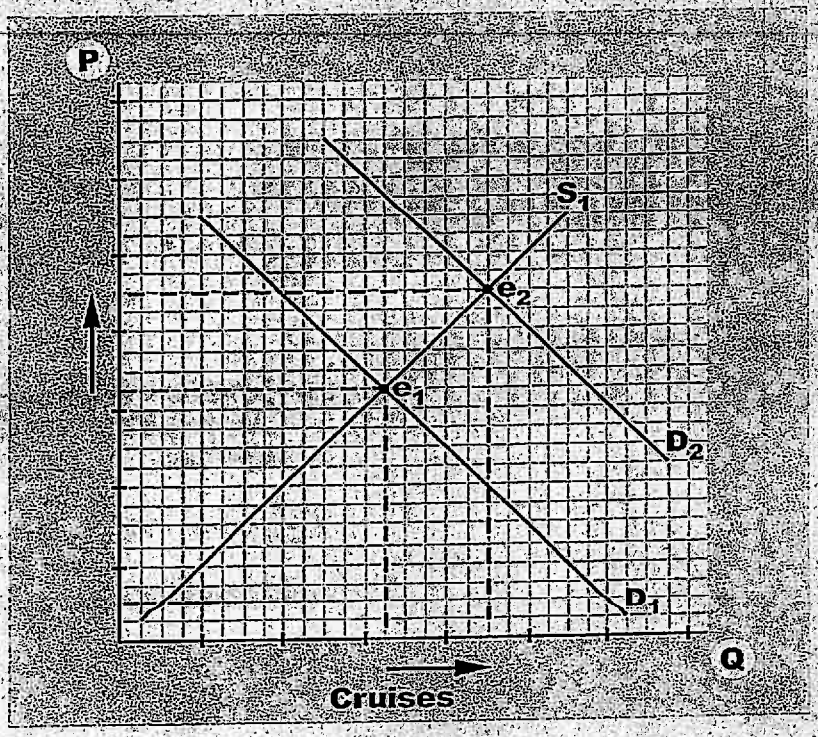
Name _____

Date/Period _____

Student Activity

Part One: Interpreting Shifts in Supply and Demand

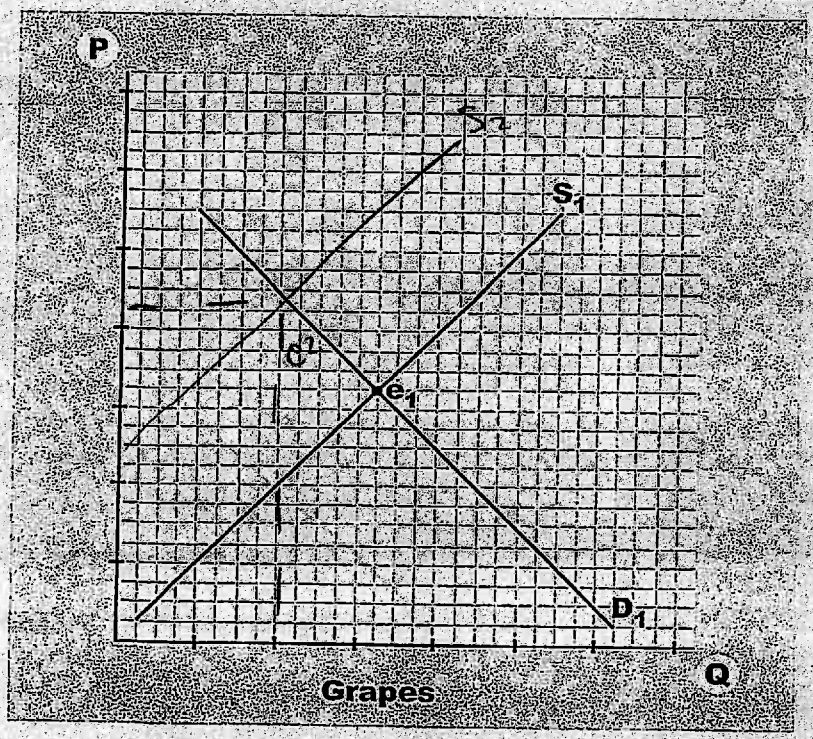
Directions: There are supply and demand graphs for several different markets provided with an event that will cause a shift in **either** the demand curve **or** the supply curve. Draw a new supply or demand curve indicating either an increase or decrease in the appropriate curve. Then determine whether the equilibrium price and quantity will increase or decrease. The first one has been done for you.



1) Baby boomers start to retire.

Equilibrium Price: **increase**

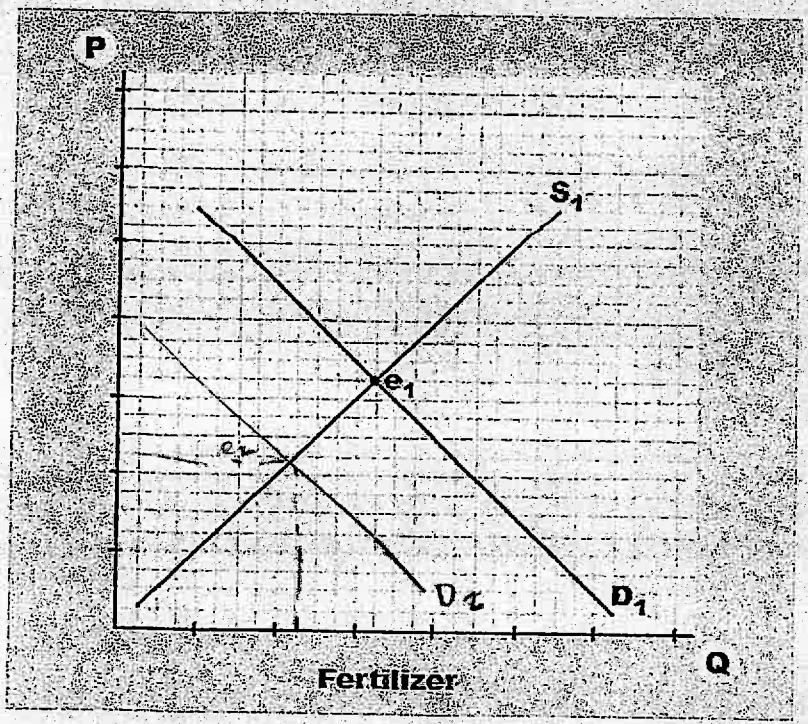
Equilibrium Quantity: **increase**



2) U.S. government bans imports of Chilean grapes.

Equilibrium Price increase

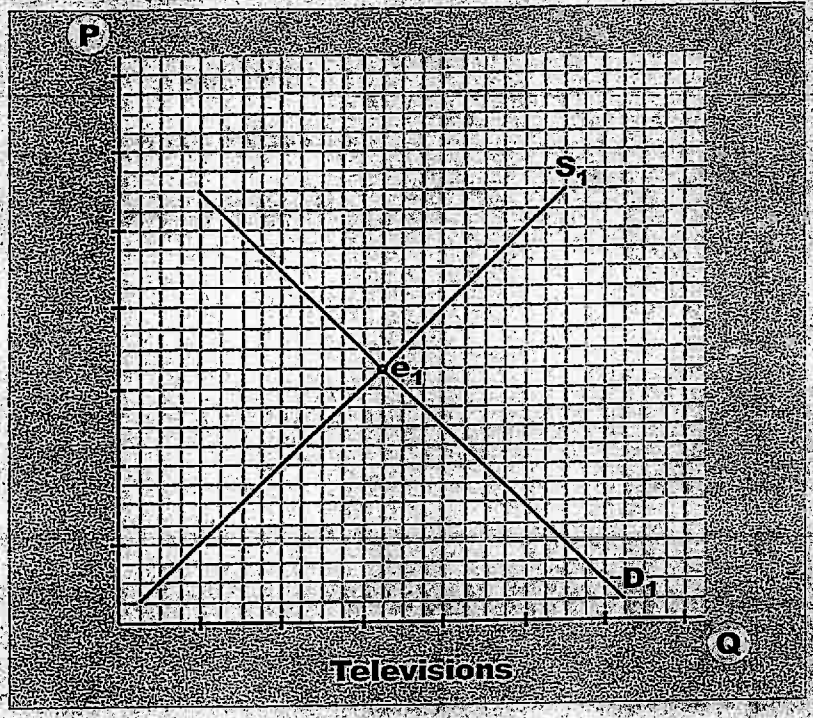
Equilibrium Quantity decrease



3) Scientists determine fertilizers and pesticides cause health problems.

Equilibrium Price _____

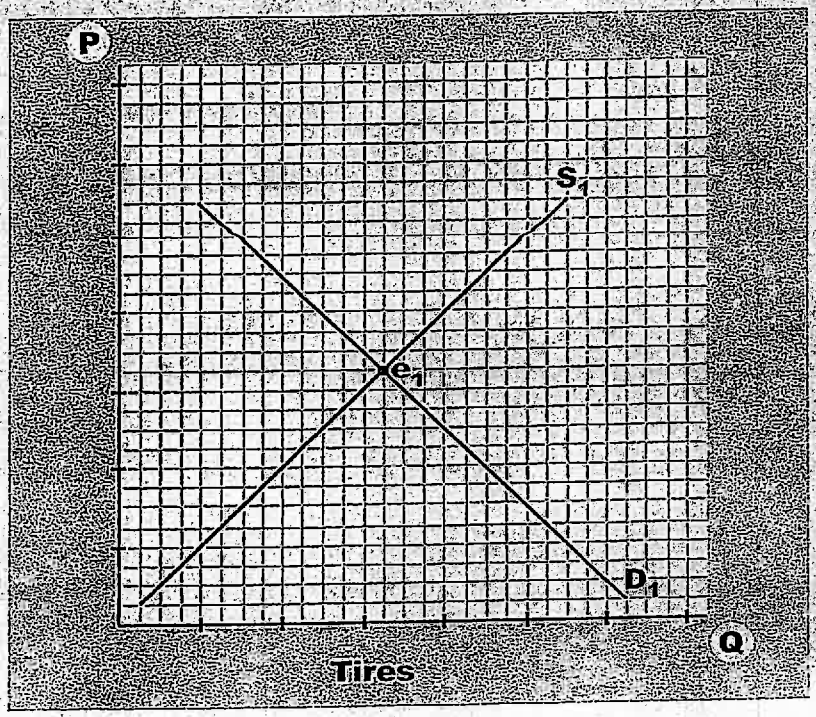
Equilibrium Quantity _____



4) New technology allows for less expensive production of televisions.

Equilibrium Price _____

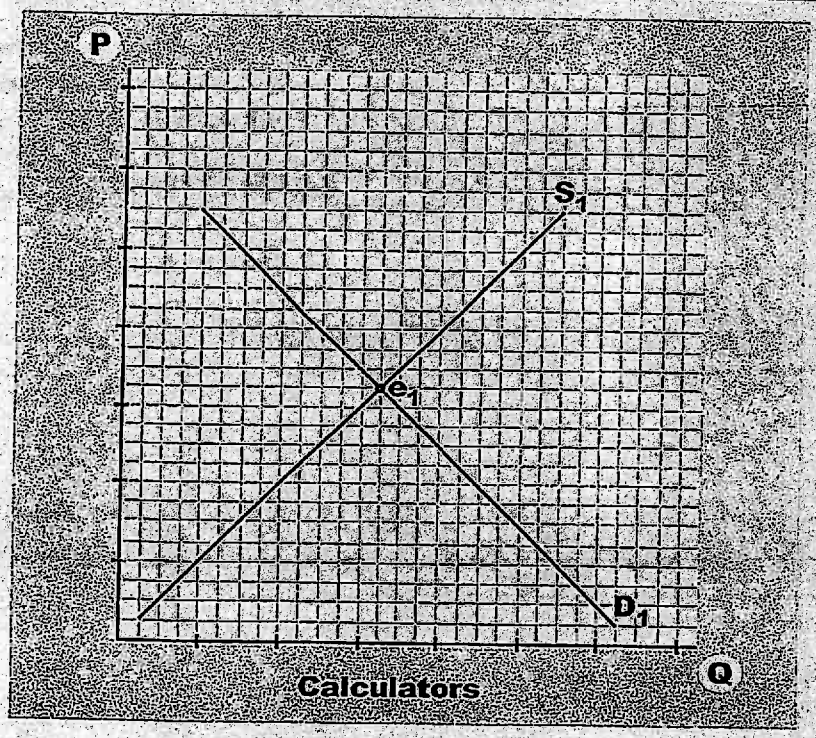
Equilibrium Quantity _____



5) Government study shows many defects in new tires.

Equilibrium Price _____

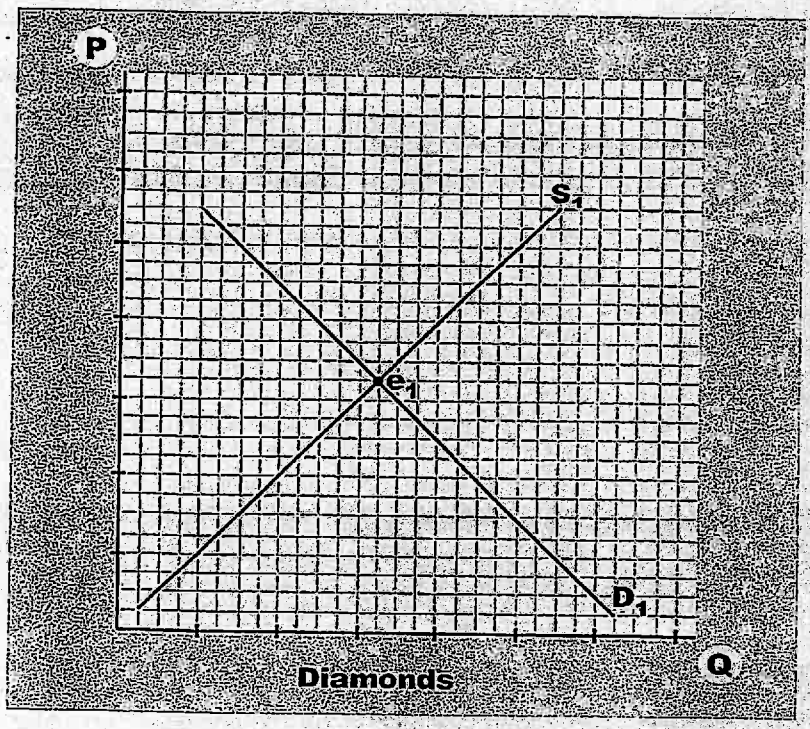
Equilibrium Quantity _____



6) Two major electronics producers go out of business.

Equilibrium Price _____

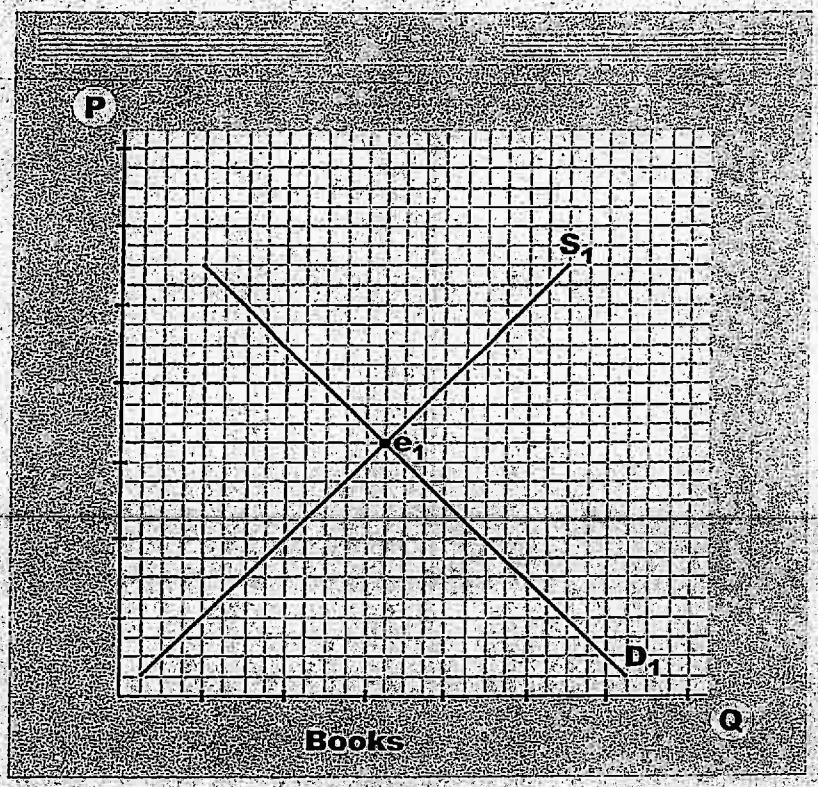
Equilibrium Quantity _____



7) New diamond mines found in South America.

Equilibrium Price _____

Equilibrium Quantity _____



8) New study indicates daily reading expands lifetime earnings by 50%.

Equilibrium Price _____

Equilibrium Quantity _____