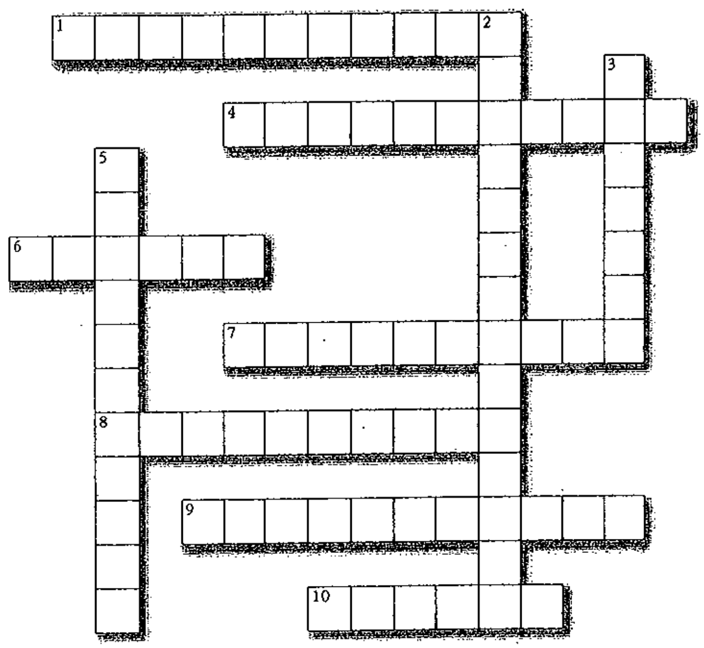
Name ______________________ Date ____________ Class ____________

Vocabulary Activity 20

Demand

DIRECTIONS: Complete the crossword puzzle by spelling out the terms called for in the clues below.



ACROSS

1 states that the quantity of a good demanded and its price move in opposite directions

4 goods used together, the prices of which move in the opposite direction of the other's price

6 economic meaning refers to the desire, willingness, and ability to buy a good or service

7 the extent to which a change in price causes a change in the demand for a product

8 a competing product that people can switch to if the price increases

9 graph that lists how many units of a product or service an individual will buy at a particular price

10 total demand of all consumers for a product or service

DOWN

2 refers to a table that lists the various quantities of a product or service that someone is willing to buy over a range of possible prices

3 pleasure, usefulness, or satisfaction we get from a product

5 principle that additional satisfaction tends to go down as more and more units are consumed—"the more pizza you eat, the less hungry you will be"

Name ______________________ Date ____________ Class ____________

Reteaching Activity 20 ★ ★ ★ ★ ★

Demand

In the United States, prices are set by supply and demand. When a product or service is in demand, there must be desire, willingness, and the ability to buy it. In general, when prices go up, demand goes down. When the change of price does little to change the demand, the demand is called inelastic. A good example of a product with inelastic demand is blood pressure medicine. There are other factors besides price that cause changes in demand. These changes include consumers' incomes and tastes and the availability of substitutes and complementary products.

DIRECTIONS: Making a Chart A market demand curve shows how many units of a product the public will buy at a certain price. When demand goes down, the curve shifts left. When demand goes up, the curve shifts right. Imagine you own an ice cream store in a small community. Changes with your customers and changes with related products cause shifts in the ice cream store's demand curve. The following changes would cause the market demand curve to shift either left or right. Write the letter of the change under the appropriate heading on the chart.

A. The economy is in a recession.
B. A new subdivision is built resulting in more families living in the area.
C. Frozen yogurt becomes very popular and is cheaper than ice cream.
D. An ice cream advertising campaign with a famous actor makes ice cream a very popular choice.
E. The weather turns extremely hot causing people to want to cool down with cool treats.
F. The media campaign for obesity features ice cream and other sugary treats.
G. A roadblock, due to road construction, makes getting to the store very difficult.
H. The economy is healthy.
I. The prices of several of the ingredients for the ice cream go up, and the increased costs are passed on to the customer.

Market Demand Curve for Ice Cream Shop

Shift to the Left	Shift to the Right

Name ________________ Date ________ Class ________

Guided Reading Activity 20-1

What Is Demand?

Reading Tip

After you have finished reading this section, think about how you might explain the concepts in this section to a younger student. Actually plan out the lesson as if you were the teacher.

DIRECTIONS: Write an answer to each question below in the space provided.

1. **Listing** What three things must exist in order to have demand?

2. **Comparing** Describe the relationship between the demand schedule and the demand curve.

3. **Defining** What is the law of demand?

4. **Comparing** What is the difference between individual demand and market demand?

5. **Explaining** How does the utility for a product change?

6. **Defining** What is diminishing marginal utility?

7. **Analyzing** Why does a demand curve slope downward?

Name ____________________ Date __________ Class __________

Guided Reading Activity 20-2

Factors Affecting Demand

Reading Tip

As you read this section, try to sort the material into categories. What broad categories would you divide the information into? What would go into each category?

DIRECTIONS: Write an answer to each question below in the space provided.

1. **Listing** What causes market demand to change?

2. **Explaining** How can consumers' expectations reduce and increase demand?

3. **Comparing** Are butter and margarine substitute goods? Why or why not?

4. **Defining** What does it mean to say that two products are complements?

5. **Explaining** Why do expensive items have an elastic demand?

6. **Inferring** Why is the demand for insulin, a medicine for people with diabetes, inelastic?

7. **Analyzing** How might an attractive substitute for Product X affect the demand for Product X?

Name ______________________ Date ______________ Class ______________

Vocabulary Activity 21

Supply

DIRECTIONS: Write a term from below in each blank in the following paragraphs.

elasticity	productivity	shortage	surplus
equilibrium price	profit	supply	technology

Whether you have a part-time job or receive an allowance from your parents, you are an active participant in the world marketplace. As a supplier of labor or a buyer of consumer goods, you help shape the decisions made by both small, local vendors and large, multinational companies such as McDonald's. It is always good to be an informed worker or consumer, and it helps to be familiar with some of the terminology that describes your everyday activities.

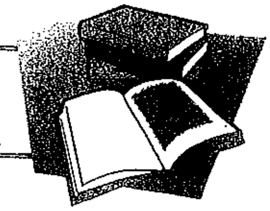
Let's start with that part-time job at McDonald's. You may find that at different times of the year, you may be offered lower or higher wages. For example, during the school year you may be offered higher wages. Why would this be? Let's think. Who is the bulk of the company's workforce? Teenagers, who make up a large portion of the labor force, must limit the amount of time they work because of school. This means that McDonald's labor **(1)**________________ is limited. This **(2)**________________ requires a company to make working for them more attractive. The reverse situation occurs when more teenagers are looking for summer jobs. During this period there is a **(3)**________________ of labor, and a company can be less generous in the wages it offers. This seesaw in wages and labor is a good illustration of supply **(4)**________________. If the need for labor and the availability of labor ever matched up exactly, the price paid for your work would be what is known as the **(5)**________________.

When a company must pay more for labor, it risks lowering its **(6)**________________ margin. In order to make a profit, a company looks for a high level of **(7)**________________ in its workers. To make sure the company turns out the most product with the fewest workers, McDonald's uses computers and other **(8)**________________ to speed up the process of ordering and making food.

Knowledge of the factors that affect your wages and the prices you pay can be very helpful as you head out to join the workforce. Good luck as you begin the process of finding your next job and negotiating your paycheck!

Name ____________________ Date ____________ Class ____________

Reteaching Activity 21 ★ ★ ★ ★ ★



Supply

Supply is the willingness and ability of producers to provide goods and services at different prices. In general, when prices go up, supply also goes up. When the change of price does little to change the supply, the supply is called inelastic. Products with inelastic supply, such as oil, require large sums of money to produce. Surpluses and shortages of supply occur when the equilibrium price, where supply equals demand, is not achieved. In a market economy, like the United States, market prices eventually move to an equilibrium price.

DIRECTIONS: Completing a Table Supply can increase and decrease depending upon several factors. Complete the table by writing the correct answer in the boxes. The options for the answers are listed below the table.

	Amount of Supply	Supply Curve Shift	Cost to Produce
Cost of Resources ↓			
Cost of Resources ↑			
Productivity ↓			
Productivity ↑			
New Technology/ Speed of Production ↑			
Higher Taxes			
Lower Taxes			
Government Pays Subsidy			
Demand Expected ↑			
Demand Expected ↓			

Amount of Supply
Increase
Decrease

Supply Curve Shift
Left
Right

Cost to Produce
Increase
Decrease

Name ______________________ Date ____________ Class ____________

Guided Reading Activity 21-1

What Is Supply?

Reading Tip

When reading economics material, you usually must understand one concept before you can understand the next concept. Take your time and be sure you understand each concept before moving on.

DIRECTIONS: Write an answer to each question below in the space provided.

1. **Defining** What is supply?

____

____

2. **Explaining** What is the law of supply?

____

____

3. **Comparing** What is the difference between a supply schedule and a supply curve?

____

____

4. **Identifying** What gives producers the incentive to produce more?

____

____

5. **Recalling** What is the goal of business owners in our economy?

____

____

6. **Explaining** How is market supply determined?

____

____

7. **Summarizing** Why does the market supply curve slope upward?

____

____

Name ______________________ Date ______________ Class ______________

Guided Reading Activity 21-2

Factors Affecting Supply

Reading Tip

You will come across cause-and-effect relationships as you read this section. Keep in mind that a cause is something that produces another event, or the effect. An effect is the result of the cause.

DIRECTIONS: Write an answer to each question below in the space provided.

1. **Explaining** How does a decrease in supply affect the supply curve?

2. **Identifying** What factors can cause a change in supply?

3. **Explaining** How does productivity affect supply?

4. **Summarizing** What effect does technology have on supply?

5. **Describing** How do increased government regulations affect supply?

6. **Defining** What are subsidies?

7. **Explaining** What is supply elasticity?

Name ______________________ Date ____________ Class ____________

Guided Reading Activity 21-3

Markets and Prices

Reading Tip

After you read, go back and draw some conclusions. Write down your opinion after reading each subsection. Do the facts support your opinion? Is it based on facts? Reread the text to make sure it is.

DIRECTIONS: Write an answer to each question below in the space provided.

1. **Defining** What is a surplus?

____

____

2. **Explaining** If the price of a product is above its equilibrium price, what is the result?

____

____

3. **Summarizing** What is a shortage? What does a shortage signal to sellers?

____

____

4. **Contrasting** What is the difference between a price ceiling and a price floor?

____

____

5. **Explaining** What signal does a high price send to buyers and sellers?

____

____

6. **Analyzing** What does it mean to say "prices are neutral"?

____

____

7. **Describing** How are prices determined in command economies?

____

____