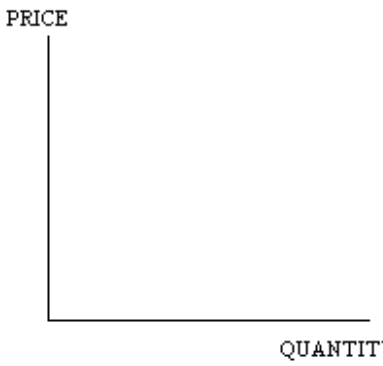
Name: _____
Team: _____

Unit 2: Demand, Supply, and Consumer Choice

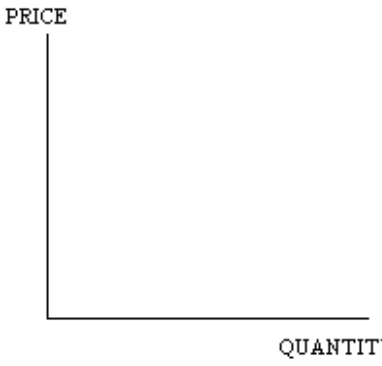
Demand*	**Supply***
The Law of Demand: P _____ Qd _____ P _____ Qd _____	The Law of Supply: P _____ Qs _____ P _____ Qs _____
Why is demand downward sloping? 1. 2. 3.	Why is supply upward sloping?
Changes in Quantity (Moving Along the Curve)	
What changes quantity demanded?	What changes quantity supplied?
Changes in Demand and Supply (Shifting the Curve)	
What changes demand? (5 Shifters of Demand)	What changes supply? (6 Shifters of Supply)
Substitutes : Price of A↑ Demand for B ____ Price of A↓ Demand for B ____ Complements: Price of A↑ Demand for B ____ Price of A↓ Demand for B ____	Normal Goods: Income ↑ Demand _____ Income ↓ Demand _____ Inferior Goods: Income ↑ Demand _____ Income ↓ Demand _____

Equilibrium and Disequilibrium*

Shortage



Surplus



Equilibrium- Qd____Qs

Shortage- Qd____Qs

Surplus- Qd____Qs

Government Controls*

Price FLOORS go _____ equilibrium and result in a _____.

Price CEILINGS go _____ equilibrium and result in a _____.

Name: _____
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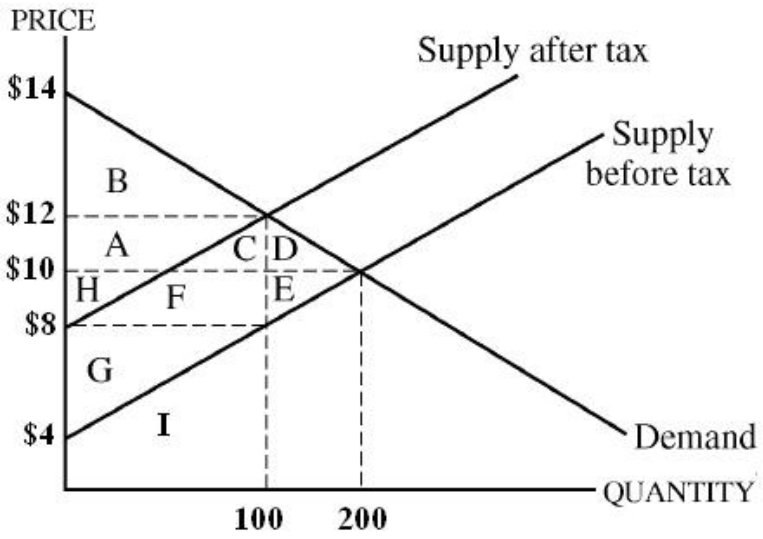
Consumer Surplus (CS), Producer Surplus (PS), and Efficiency*

Before tax

1. CS before tax:
2. PS before tax:

After Tax

3. Tax per unit:
4. CS after tax:
5. PS after tax:
6. Dead weight loss:
7. Total tax revenue to gov:
8. Total spending by buyers:
9. Total revenue to sellers:
10. Amount of tax buyer pay:
11. Amount of tax sellers pay:



Double Shifts in Demand and Supply*

If demand increase AND supply increases, what happens to P _____ Q_____?

Rule:

Elasticity of Demand*

Inelastic Demand (ex: gas)

Characteristics:

1.
2.
3.

Elastic Demand (ex: soda)

Characteristics:

1.
2.
3.

Elasticity of Demand Coefficients*

- Perfectly Inelastic =
- Relatively Inelastic =
- Unit Elastic =
- Relatively Elastic =
- Perfectly Elastic =

Total Revenue Test*

Inelastic Demand

When price ↑, TR ____

When price ↓, TR ____

Elastic Demand

When price ↑, TR ____

When price ↓, TR ____

Consumer Choice and Maximizing Utility*

You can choose any combination of two different activities, the movies ($10) or riding go carts ($5).

If you only have $25, what combination maximizes your utility?

What combo is best if you have $40?

# Times Going	Marginal Utility (Movies)	MU/P	Marginal Utility (Go Carts)	MU/P
1st	30		10	
2nd	20		5	
3rd	10		2	
4th	5		1	

*See videos on YouTube channel ACDCLeadership

Name: ______________________________

Team: ______________________________