

Unit 2 Lesson 3 The Market

Homework: Make a market picture

Things that can affect supply:

- Change in _____ (like cost of productions – land, labor, or capital)
- _____
- _____ influence either subsidies, taxes or regulations.

An _____ tax: a tax only on one particular item like the gas tax or cigarette tax

- future expectations of _____
- number of _____ (external forces)

Definitions:

_____ cost: The additional cost of producing _____ more item.

_____ : the change in output that results from having one more worker.

_____ : when additional workers increase total output at a decreasing rate.

_____ cost: the cost of operating a store or factory; similar to variable costs.

_____ costs: the financial and opportunity costs that consumers pay while looking for a good or service

_____ cost: costs of production that affects people who have no control over how much of a good is produced. i.e. air and water pollution

equilibrium: the market _____ where quantity supplied _____ quantity demanded

Directions to make a market picture:

- Draw on the left side of the page a vertical axis label it "Price".
- Draw on the bottom of the page a horizontal axis label it "Quantity".
- Draw a demand curve and label it "demand".
- Draw a supply curve and label it "supply"
- Label the top of the page: The Market
- Where the demand curve and the supply curves meet draw an arrow and label it, "Market Equilibrium" and "The Price".