

## Questions for Supply and Demand Whiteboard Exercise

1. Assume that the economy of the country of Alpha is experiencing increasing unemployment. Steak is considered a normal good in Alpha. Using the supply and demand graph illustrate the impact of the increasing unemployment on the market for steak in Alpha.
2. Assume that the economy of the country of Alpha is experiencing increasing unemployment. Hamburger is considered an inferior good in Alpha. Using the supply and demand graph illustrate the impact of the increasing unemployment on the market for hamburger in Alpha.
3. The country of Alpha experiences an increase in immigration that leads to an additional one million consumers. What will be the affect on this immigration on Grog the popular drink of Alpha. Illustrate the impact on price and output using a supply and demand graph.
4. A plague has a devastating impact on the population of Alpha. Illustrate using a supply and demand graph how this will impact the market for chicken.
5. The government of Alpha imposes a per-unit tax on Brureff soda. Given that Brureff has a relatively elastic demand, illustrate the impact of this tax on price and quantity using a supply and demand graph.
6. The government of Alpha imposes a per-unit tax on Brureff soda. Given that Brureff soda has a perfectly inelastic demand, illustrate the impact of this tax on price and quantity using a supply and demand graph.
7. Coffee and cream are complementary goods. An unexpected period of bad weather adversely affects the coffee bean crop. Use a supply and demand graph to illustrate the affect of this bad weather on the price and quantity of coffee.
8. Coffee and cream are complementary goods. An unexpected period of bad weather adversely affects the coffee bean crop. Use a supply and demand graph to illustrate the affect of this bad weather on the price and quantity of cream.
9. The two favorite juice drinks in the Alpha economy are reffberry and fruitbru. Consumers enjoy both drinks but some have a slight preference for reffberry while others have a slight preference for fruitbru. The makers of reffberry have invested in new technology that increases their productivity. This technology is not yet adaptable for the production of fruitbru. Use a supply and demand graph to illustrate the impact of the new technology on the reffberry market.
10. The two favorite juice drinks in the Alpha economy are reffberry and fruitbru. Consumers enjoy both drinks but some have a slight preference for reffberry while others have a slight preference for fruitbru. The makers of reffberry have invested in new technology that increases their productivity. This technology is not yet adaptable for the production of fruitbru. Use a supply and demand graph to illustrate the impact of the new technology on the fruitbru market.

11. Gasoline powered autos and electric powered autos are substitute goods and have relatively elastic demands. Assume that the price of gasoline increases by 30 percent. Use a supply and demand graph to illustrate the impact of this increase in the price of gasoline on the market for gasoline powered autos.
12. Gasoline powered autos and electric powered autos are substitute goods and have relatively elastic demands. Assume that the price of gasoline increases by 30 percent. Use a supply and demand graph to illustrate the impact of this increase in the price of gasoline on the market for electric powered autos.
13. A major news source reports an outbreak of salmonella affects the peanut butter snacks industry. Use a supply and demand graph to illustrate the immediate impact on price and quantity of this news
14. In the past, the cost of Private University is \$45,000 per year and the cost of State University is \$17,000 per year. Both universities have a fixed number of seats available for the coming school year. Both schools have excellent academic reputations. A major recession occurs. Assume that both universities have tuition costs that are influenced by the number of applications they receive. Use a supply and demand graph to illustrate the impact of the recession on price and quantity for Private University.
15. In the past, the cost of Private University is \$45,000 per year and the cost of State University is \$17,000 per year. Both universities have a fixed number of seats available for the coming school year. Both schools have excellent academic reputations. A major recession occurs. Assume that both universities have tuition costs that are influenced by the number of applications they receive. Use a supply and demand graph to illustrate the impact of the recession on price and quantity for State University.
16. The domestic steel industry of Alpha competes with imported steel from the country of Tucumcari. Assume that the government of Tucumcari increases subsidies to its steel industry. Use a supply and demand graph to illustrate the impact of the subsidies on steel made in Tucumcari.
17. The domestic steel industry competes with imported steel from the country of Tucumcari. Assume that the government of Tucumcari increases subsidies to its steel industry. Use a supply and demand graph to illustrate the impact of the subsidies on the price and quantity of steel made in Alpha.
18. The domestic steel industry competes with imported steel from the country of Tucumcari. Assume that the government of Tucumcari increases subsidies to its steel industry. Use a supply and demand graph to illustrate the impact of the subsidies on the wage and quantity of workers in the market for steel workers in Alpha.

19. The pork industry is dominated by large corporate farms that pollute the underground water table with waste material from the slaughter of pigs. The farms ignore this pollution. Use a supply and demand analysis to illustrate the impact of this avoidance on the pork industry.
20. Assume that the favorite dating activity of teenagers is going out to dinner. The second favorite dating activity of teenagers is going out for ice cream. Assume that because of a recession there will be far fewer jobs available for teenagers this summer. Use a supply and demand graph to illustrate the impact of fewer jobs on the price and quantity of the typical dinner meal at a restaurant.
21. Use a supply and demand graph to illustrate the effects on price and quantity of milk from the following simultaneous events:
- A. The cost of feed used for milking cows increases.
  - B. A highly regarded scientific study reveals that drinking two glasses of milk a day helps to reduce weight.
22. Use a supply and demand graph to illustrate the effects on price and quantity college enrollment from the following simultaneous events:
- A. The government provides additional money for college scholarships directly to high school seniors.
  - B. Because of serious loss of value in their endowments, colleges reduce the number of faculty by an average of 20%.
23. Use a supply and demand graph to illustrate the effects on the market price and quantity of steel from the following simultaneous events:
- A. The government provides health care insurance that reduces the cost of labor to industry.
  - B. A major project to renovate bridges increases the need for steel.
24. Use a supply and demand graph to illustrate the effects on the market price and quantity of oil from the following simultaneous events:
- A. Alternative energy resources begin to provide 20% of energy needs to businesses and households.
  - B. A tariff is imposed on imported oil.
25. Use a supply and demand graph to illustrate the effects on the market price and quantity of bricked patios from the following simultaneous events:
- A. Masons take a 25% cut in pay
  - B. Unemployment reaches 10%