**SSEMI3 The Student will explain how markets, prices and competition influence economic behavior.**

B. explain and illustrate on a graph how price floors create surpluses and price ceilings create shortages.

Using your notes from Microeconomics Price Controls, answer the following questions:

1. Price ceilings are located (above / below) equilibrium. They stop prices from going too (high / low).
2. (Consumers / Producers) likes price ceilings so they will want to (buy / sell) more.
3. (Consumers / Producers) hates price ceilings so they will want to (buy / sell) less.
4. There will be (too many / too few) good available and this will create a (shortage / surplus).
5. Price floors are located (above / below) equilibrium. They stop prices from going too (high / low).
6. (Consumers / Producers) likes price floors so they will want to (buy / sell) more.
7. (Consumers / Producers) hates price floors so they will want to (buy / sell) less.
8. There will be (too many / too few) good available and this will create a (shortage / surplus).

2. On the graph below, identify the equilibrium price and quantity and then answer the questions.

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1. What is the equilibrium price? \_\_\_\_\_
2. What is the equilibrium quantity? \_\_\_\_\_\_\_\_
3. At a price of $10 what is the quantity demand? \_\_\_\_\_\_
4. What is the quantity supplied? \_\_\_\_\_\_\_
5. What is greater QD or QS? \_\_\_\_\_\_\_\_\_\_
6. Do we have a shortage or a surplus? \_\_\_\_\_\_\_\_
7. At a price of $30 what is the quantity demand? \_\_\_\_\_\_
8. What is the quantity supplied? \_\_\_\_\_\_\_
9. What is greater QD or QS? \_\_\_\_\_\_\_\_\_\_
10. Do we have a shortage or a surplus? \_\_\_\_\_\_\_

$10

$30

$20

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