

GUIDED READING Activity 7-4

For use with textbook pages 194–199

PUTTING DEMAND AND SUPPLY TOGETHER

RECALLING THE FACTS

Directions: Use the information in your textbook to answer the questions.

1. What happens as the price of a good decreases?

2. What is the equilibrium price?

3. How can economists visualize equilibrium price?

4. How do prices serve as signals to producers and consumers?
Producers: _____
Consumers: _____
5. When do a shortage or surplus of products occur?
Shortage: _____
Surplus: _____
6. How does the government control prices?

7. What are price ceilings?

8. What are two nonmarket ways of distributing goods and services?

9. Why is rationing expensive?

10. Why does the government set price floors?

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