

Name \_\_\_\_\_

Date \_\_\_\_\_

MARKET-CLEARING  
PRICE

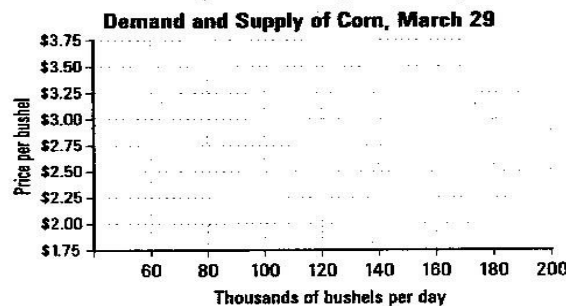
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# ECONOMIC SKILLS LAB ECONOMICS ON A GRAPH-GRAPHING

The following table presents the demand and supply of corn on March 29.

DEMAND AND SUPPLY FOR CORN, MARCH 29		
Price per Bushel	Number of Bushels People Want to Buy (in thousands)	Number of Bushels People Want to Sell (in thousands)
\$3.50	80	200
\$3.25	100	180
\$3.00	120	160
\$2.75	140	140
\$2.50	160	120
\$2.25	180	100
\$2.00	200	60

Use the graph below to plot the demand for corn shown in columns 1 and 2 in the table. Connect the points and label the line "D." The line you have drawn is the *demand curve* for corn. Draw the supply curve in the same way by using columns 1 and 3. Connect the points to complete the *supply curve*. Label this curve "S." (2 points)



- What is the market-clearing price of corn in the graph you have drawn? (2 pts.)  
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- Suppose the price of corn is \$3.25 per bushel. Is there a shortage or a surplus of corn at that price? If so, how big is it? (2 points)  
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- Suppose the price of corn is \$2.25 per bushel. Is there a shortage or surplus of corn at that price? If so, how big is it? (2 points)  
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- If the price of corn is above its market-clearing level, there is a surplus. Does this mean corn is no longer scarce? Explain. (2 points)  
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