

Name: _____

Date: _____

Block: _____

Economics

Chapter Five: Supply – Problem Set

Directions: At the end of each chapter section, there are questions in the text book. Answer the questions from the text book assigned below and any additional questions attached to this sheet. Each chapter section should be answered on a new sheet of notebook paper (One sheet for section one, another for section two, etc.) and you will hand in the answers for all the chapter sections at the same time. All problem sets are due the day after we complete review of the problem set in class. When turning in your problem set, staple this sheet to the front.

Due Date: _____

Problem Set Questions:

Section 5.1 - #s 1-4 (use the mid-point method for #4

Section 5.2 - #s 1-4 (for each answer in #4, draw a separate supply graph)

Section 5.3 - #s 1-4

1. After a very strong growing season, corn production in the United States increased dramatically between 2012 and 2013. As a result of this, the price decreased and the quantity demanded increased. The following is what happened to price and quantity demanded for corn. Answer the questions below concerning the price elasticity of demand for corn in 2013. All calculations for elasticity should be completed using the mid-point method.

	2012	2013
Quantity Demanded (pounds of corn)	500,000	700,000
Average Price (per pound)	\$2.00	\$1.50

- Draw a demand graph for corn that indicates the price change. Label the point for 2012 point A, label the point for 2013 point B.
- Calculate the price elasticity of demand for American corn? What kind of elasticity does American corn have?
- In words, explain what factors might cause corn to have this elasticity?
- Did the increased production help or hurt American corn growers farmers? Explain why this happened.