Name ______________________ Date ____________________ Class ______________________

GUIDED READING *Activity 7-4*

For use with textbook pages 194–199

PUTTING SUPPLY AND DEMAND TOGETHER

RECALLING THE FACTS

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

Equilibrium Price

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

____

2. What is the equilibrium price?

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3. How can economists visualize equilibrium price?

____

Prices as Signals

4. How do prices serve as signals to producers and consumers?

Producers: ____

Consumers: ____

5. When do shortages or surpluses of products occur?

Shortage: ____

Surplus: ____

Price Controls

6. Why does the government sometimes control prices?

____

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7. What are price ceilings?

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

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9. Why does the government set price floors?

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