

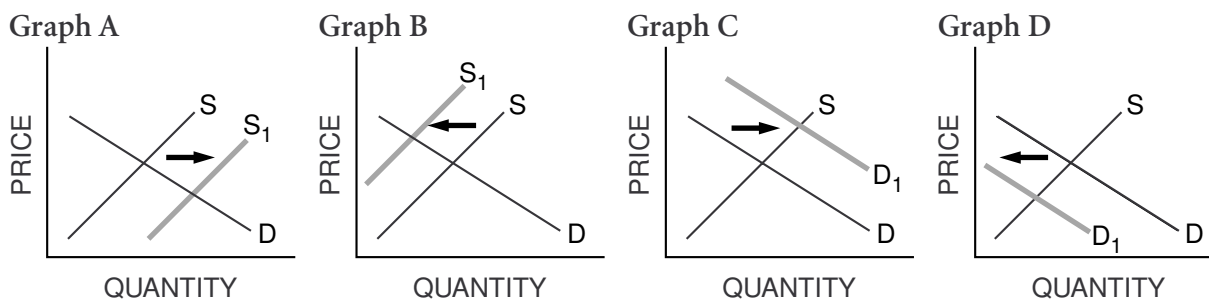
Shifts in Supply and Demand

Part A

Fill in the blanks with the letter of the graph that illustrates each situation. You may use a graph more than once.



Figure 15.1
Jelly Beans Supply and Demand



1. The price of sugar increases. _____
2. The price of bubble gum, a close substitute for jelly beans, increases. _____
3. A machine is invented that makes jelly beans at a lower cost. _____
4. The government places a tax on foreign jelly beans, which have a considerable share of the market. _____
5. The price of soda, a complementary good for jelly beans, increases. _____
6. Widespread prosperity allows people to buy more jelly beans. _____

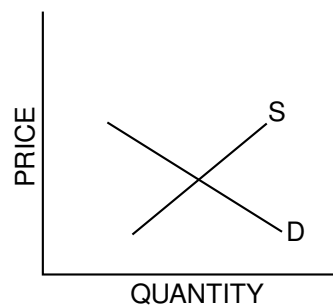
Activity written by Margaret Hamilton, Canton Country Day School, Canton, Ohio; Mary Kohelis, Brooke High School, Wellsburg, W. Va.; John Morton, National Council on Economic Education, New York, N.Y., and Francis Vottero, Shamokin Area High School, Shamokin, Pa. Part B adapted from G. Yohe, *Instructor's Resource Manual for Samuelson and Nordhaus Economics*, 14th ed. (New York: McGraw Hill College Division, 1992), p. 16.

Part B

Connecticut ships large amounts of apples to all parts of the United States by rail. Circle the words that show the effects on price and quantity for each situation, and complete the graphs below, showing how a hurricane that destroys apples before they are picked in Connecticut might affect the price and quantity of each commodity. Then provide your reasoning.

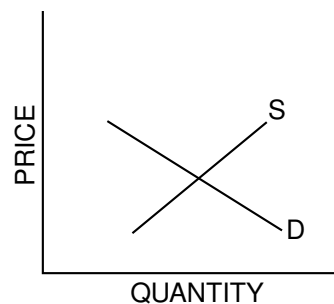
7. Apples in Boston

| | | | |
|-----------|-------|-----------|-------|
| Price: | Rises | Unchanged | Falls |
| Quantity: | Rises | Unchanged | Falls |
| Reason: | | | |



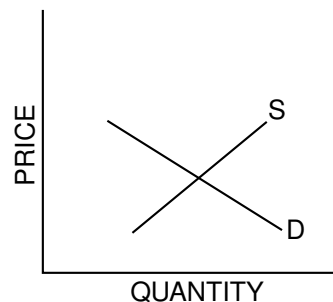
8. Land devoted to apple orchards in the state of Washington

| | | | |
|-----------|-------|-----------|-------|
| Price: | Rises | Unchanged | Falls |
| Quantity: | Rises | Unchanged | Falls |
| Reason: | | | |



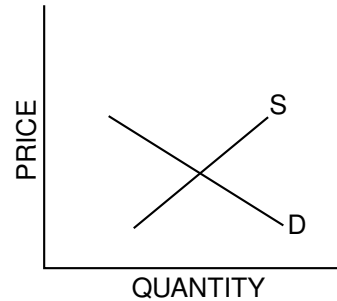
9. Apples grown in the state of Washington

| | | | |
|-----------|-------|-----------|-------|
| Price: | Rises | Unchanged | Falls |
| Quantity: | Rises | Unchanged | Falls |
| Reason: | | | |



10. **Pears**

| | | | |
|-----------|-------|-----------|-------|
| Price: | Rises | Unchanged | Falls |
| Quantity: | Rises | Unchanged | Falls |
| Reason: | | | |



11. **Apple pies**

| | | | |
|-----------|-------|-----------|-------|
| Price: | Rises | Unchanged | Falls |
| Quantity: | Rises | Unchanged | Falls |
| Reason: | | | |

