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***Directions***: Complete each of the following questions by properly labeling, & then demonstrating on the graph what action is being described for each example provided.

1. Label demand, supply, & equilibrium points on the following graph, as well as proper axes.

1. If the price of steel increases demonstrate on the following graph what would happen to the supply of cars. What would happen to equilibrium?

1. If the minimum wage is raised from $8 to $10.50/hour, demonstrate the impact this would have on the **supply of labor** on the graph below. How would it **shift supply**? Analyze the graph, does this create **a labor shortage or surplus**? How would employers respond to a **rise in labor** (input) **costs**? What would happen to **demand for labor** at the $10/hour rate? Evaluate raising the minimum wage, is it a good idea economically? Why or why not? Is minimum wage an example of a **price floor or price ceiling**?

1. Look at the chart on page 175 in your Economics textbook, what are the characteristics of the price system in a market economy? List & define them here.
2. Jimmy Macmillan (former candidate for NYS governor in the 2012 election) stated “The rent is too damn high!” in reference to apartment rental rates in NYC’s 5 boroughs. His proposal was to fix rental rates by setting a price ceiling on rent. Demonstrate his idea by graphing a price ceiling of $750/apartment on the graph below. What would happen to demand for apartments? Would landlords like his idea or not? Why? Would this idea create a surplus or shortage of apartments?