

## “Worksheet: Prices Allocate Economic Goods”

1. Assume that you like pizza:
  - a. If the price of pizza increased by \$1 per slice, would you eat more, less, or the same quantity of pizza?
  - b. Why?
  - c. If the price of pizza decreased by \$1 per slice, would you eat more, less, or the same quantity of pizza?
  - d. Why?
  - e. What determined how much pizza you wanted to buy?
2. Assume you learned that eating pizza will make you stronger, which should help you in athletics.
  - a. Assuming you want to become stronger, you will now prefer to eat pizza as often as you can. Your demand for pizza has
  - b. Graph the change in demand below:



3. Fill in the answer blanks in order to complete the sentences.

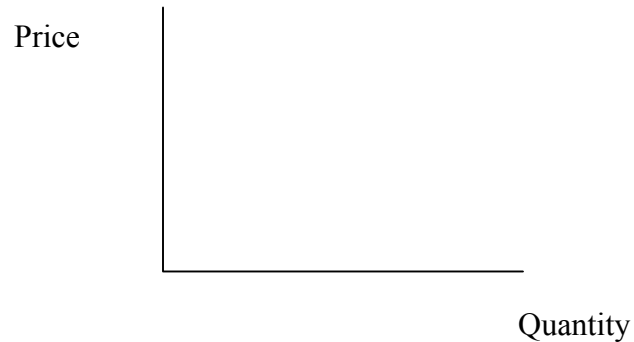
a. The market equilibrium price has

b. The market equilibrium quantity has

4. Assume you are the owner of the pizzeria. The cost of cheese for the pizza doubles in price. You are forced to raise your price by \$1 per slice of pizza because your costs of production have increased.

a. The change in the cost of producing pizza would represent a change in

b. Graph this change.



5. Fill in the answer blanks in order to complete the sentences.

a. The market equilibrium price has

b. The market equilibrium quantity has

6. Prices reflect the \_\_\_\_\_ of a good.