2 Demand, supply, and surplus – Part 1 — Answers

Answers

Work through these after you have tried the questions yourself.

2.1 demand slopes downward; supply slopes upward.
2.2 the price falls, because there is a surplus (sellers cut the price to sell their unsold goods).
2.3 the gap between what buyers would have been willing to pay and the price they actually pay.
2.4 both the equilibrium price and quantity rise.
2.5 it maximizes total surplus (makes the market efficient).