



AP Macro Topic 1.6

Market Equilibrium and Disequilibrium

Part 1 - Check Your Understanding- *The demand and supply schedules for backpacks are given below. Graph the information in the table and answer the questions.*

Price	Quantity Demanded	Quantity Supplied
\$10	200	100
\$15	150	120
\$20	130	130
\$25	100	140



1. What happens to the quantity demanded when the price increases from \$10 to \$25? Explain.
2. What happens to the demand when the price increases from \$10 to \$25? Explain.
3. Is there a shortage or surplus at the price of \$10? Calculate it and show your work.
4. Is there a shortage or surplus at the price of \$25? Calculate it and show your work.
5. If the current price is \$15, what will likely happen to the price in the near future. Explain.

Part 2- Check Your Understanding- *Read the quote and answer the following questions.*

“People don’t pay what they’re willing to pay unless they have to. When they have choices, they don’t have to. Competition protects the buyer. And it protects the seller.”

Source: [Where Do Prices Come From? Russell Roberts](#)

6. Explain what prevents sellers from only charging outrageously high prices for goods and services.
7. Explain what prevents buyers from only offering outrageously low prices for goods and services.
8. Fully explain how competition “protects” both buyers and the sellers.