

**SUVA GRAMMAR SCHOOL
YEAR 13 ECONOMICS
WORKSHEET 3**

NAME _____

YEAR _____

LESSON OBJECTIVE

- **Calculate equilibrium price and quantity by solving linear demand and supply equations.**

SUMMARY NOTES

- The **demand curve** shows the amount of goods consumers are willing to buy at each market price. A linear demand curve can be plotted using the following equation.

$$Q_d = a - b(P)$$

- $Q_s = b(P)$
b = slope of the supply curve (positive slope shows the direct relationship between price and quantity supplied)

1. The following equations derive the demand and supply of mobile phones.
(Where P is price in dollars per phone, and Q_D and Q_s are quantities demanded and supplied, respectively, in **thousands** per year)

$$Q_D = 100 - 2P$$

$$Q_s = -20 + P$$

- Given the demand and supply equations above, solve for the equilibrium price and quantity. (2 marks)
- Assume Government sets the price at \$30 per phone. Briefly explain one impact of this on the consumers. (1 mark)
- Draw the graph for demand and supply curves for *phone*. Label your graph carefully. (3 marks)

2. Over the years tourism has been a growing sector in the Fiji's economy.

Evaluate the above statement with reference to:

- **three** contributions of tourism industry in Fiji (3 marks)
- **two** ways tourism being unsustainable in Fiji (2 marks)
- **two** examples of sustainable practices by tourism in Fiji. (2 marks)