

YouTube Title: "Jerry Seinfeld Mugs an Old Lady for her Marble Rye"

<http://www.youtube.com/watch?v=96bgcoO1cYU>

Video Length: 0:24 seconds

Chapter 3: Supply and Demand, p. 45

Topic: Equilibrium, p. 59

Key Terms: Demand, price elasticity, equilibrium, market shortage

Learning Objective 2: How market prices and quantities are established.

Chapter 20: Consumer Demand, p. 436

Topic: Price Elasticity, p. 437

Key Terms: Demand, price elasticity, equilibrium, market shortage

Learning Objective 2: What the income elasticity of demand tells us.

Summary

A woman purchases the last loaf of marble rye bread that Jerry had intended to purchase from the bakery. His efforts to negotiate a price with her fail, and he resorts to stealing the bread from her.

Economic Application

This clip can be used to illustrate the prerequisites of a functioning market. A market exists wherever and whenever an exchange takes place. Markets strive for an equilibrium price that compromises the desires of buyers and sellers. To reach it, you need willing buyers and sellers and in this case, you don't have a willing seller.

Even though Jerry was not actually able to purchase the marble rye, this clip can also be used to show Jerry's inelasticity of demand given his willingness to pay \$50 for the marble rye bread that cost the woman only \$6.

Multiple-Choice Questions

Which of the following is NOT a distinctive feature of market equilibrium?

- a) It is the only price-quantity combination that is acceptable to buyers and sellers alike.
- b) Only the equilibrium price clears the market.
- c) At higher prices, sellers supply more than buyers are willing to purchase.
- d) The equilibrium price is determined by what buyers are willing and able to purchase.
- e) At lower prices, the amount demanded exceeds the quantity supplied.

Inelastic demand implies what?

- a) Consumers aren't very responsive to price changes.
- b) Demand for a product increases or decreases significantly with a fall or rise in its price.
- c) When prices increase, quantity demanded drops substantially.
- d) A horizontal demand curve.

Discussion Questions

Jerry initially attempts to negotiate with the woman for the bread saying “he has to have the rye since someone’s whole future might depend on it.” Discuss why Jerry might not have been able to purchase the desperately-needed marble rye bread?

What determines price inelasticity?