Reasons for Changes in Demand   name:

How Markets Work   Unit 2

Key Idea:	A) Rewrite the Key Idea as an investigative question.
Demand for goods, services, and resources changes for a variety of reason. (1.4)	

UNIT 1 Macroeconomics   ACTIVITY 1-5

Directions:

Use your binder page 16: Demand Guided Notes to help you complete the tables below. Read the directions carefully. Use your team to discuss your results.

1) Read the eight newspaper headlines in Figure 4.2 below, and use the table to record the impact, if any, of each event on the demand for beef. Use the first column to the right of the headline to show whether the event causes a change in demand. Use the next column to record whether the change is an increase or a decrease in demand. In the third column, decide whether the demand curve shifts left or right. Finally, write the letter for the new demand curve. Use Figure 4.1 to help you. Always start at curve B and move only one curve at a time. One headline implies that the demand for beef does not change.

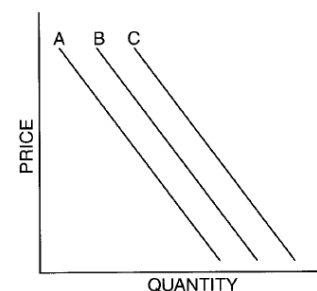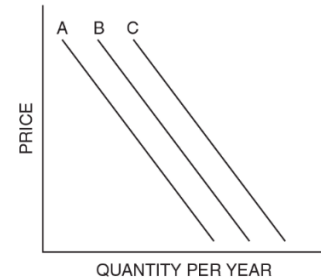Figure 4.1
Beef Consumption in May

Figure 4.2

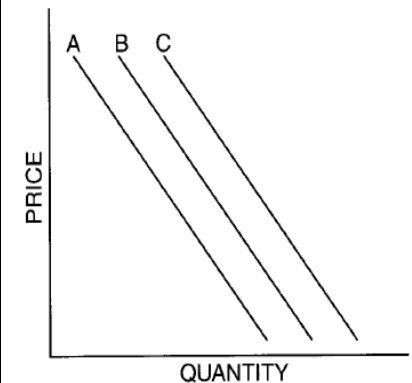| Headline	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?	Δ Price	Δ Quantity
1) Price of Beef to Rise in June							
2) Millions of Immigrants Swell US Population							
3) Pork Prices Drop							
4) Surgeon General Warns that Eating Beef Is Hazardous to Health							
5) Beef Prices Fall; Consumers Buy More							
6) Real Income for US Drops for Third Month							
7) Charcoal Shortage Threatens Memorial Day Cookout							
8) Nationwide Fad: The Disco-Burger							

2) Read the eight newspaper headlines in Figure 1-5.1, and use the table to record the impact, if any, of each event on the demand for US-made autos. Use the first column to the right of the headline to show whether the event causes a change in demand. Use the next column to record whether the change is an increase or a decrease in demand. In the third column, decide whether the demand curve shifts left or right. Next, write the letter for the new demand curve. Finally, decide which determinant of demand is causing the shift. Use Figure 1-5.1 to help you. Always start at curve B and move only one curve at a time. One headline implies that the demand for US-Made Autos does not change.
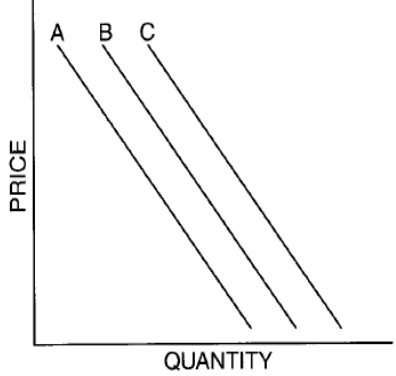
Figure 1-5.1
Demand for U.S.-Made Autos

Figure 1.5.1

Headline	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?	Δ Price	Δ Quantity
1) Consumers' Income Drops							
2) Millions of Immigrants Enter the U.S.							
3) Price of Foreign Autos Drop							
4) Major Cities Add Inexpensive Bus Lines							
5) Price of U.S.-Made Autos Rises							
6) Price of U.S. Autos Expected to Rise Soon							
7) U.S. Auto Firms Launch Effective Ad Campaigns							

3. Demand for Famous Amos Chocolate Chip cookies.						
Scenario	Demand Shift? (Y/N)	Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?	
1) People start buying Famous Amos Ginger Snaps instead.	Y					
2) Girl Scout Cookies are delivered.	Y					
3) Nabisco raises their price for Chip's Ahoy cookies.	Y					
4) Chocolate, a key ingredient in chocolate chips, becomes more expensive.	Y					
5) More people move into town from New York.	Y					

4. Demand for Sun Tan Lotion at a Clearwater Beach Kwik-E-Mart.							
Scenario	Demand Shift? (Y/N)	Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?		
1) More tourists come to town.	Y						
2) The Surgeon General announces that sun bathing for 30 minutes per day will increase your risk of skin cancer by 200%.	Y						
3) People start buying sun block instead.	Y						
4) Montgomery Burns takes control of the sun and charges people for using the sun.	Y						
5) Coppertone, a producer of Sun Tan lotion, goes out of business.	Y						
6) Maggie Simpson shoots Mr. Burns and frees the right to the sun for all people.	Y						
7) Summer ends causing tourists to return home.	Y						

Summary: Rewrite the question made from the Key Idea at the beginning and summarize this worksheet by answering it below. IF YOU DO NOT REWRITE THE QUESTION, I WILL NOT READ YOUR ANSWER.

Rewrite your Key Idea as a Question: