

Name: _____

Date: _____

CHAPTER 4, SECTION 1

Demand!

Demand and the Law of Demand

To be sure you understand demand and the law of demand, fill in the blanks in questions 1–4.

1. The two conditions of demand are _____ and _____.
2. The law of demand says that as the price of a good increases, the quantity demanded of the good _____.
3. The law of demand says that as the price of a good decreases, the quantity demanded of the good _____.
4. According to the law of demand, price and quantity demanded move in _____ direction(s).

Demand Schedules and Demand Curves

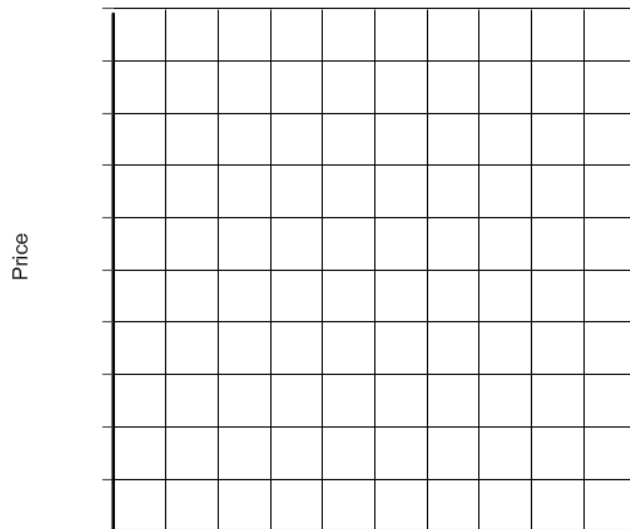
The law of demand can be represented in numbers using a **demand schedule** or it can be represented as a graph showing a **demand curve**.

Answer question 5 to illustrate the connection between a demand schedule and a demand curve.


5. Use the demand schedule below to create a demand curve for Simon's consumption of music downloads on the grid shown. Label the curve D_1 .

DEMAND SCHEDULE FOR SIMON

Price (dollars)	Quantity demanded (units)
\$7	1
\$6	2
\$5	3
\$4	4
\$3	5
\$2	6
\$1	7



Quantity demanded
Demand Curve Derived from Demand Schedule

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Use the graph you created in question 5 to answer questions 6–10.

6. The demand curve shows that at a price of \$7, Simon will buy _____ music download(s), and at a price of \$1, he will buy _____ music download(s).
7. Simon's buying behavior demonstrates the law of _____.
8. Simon's change in buying behavior at different prices is a change in _____.
9. Simon is not willing to pay \$7 for every download because his utility (satisfaction) decreases as he downloads more and more music. Economists call this concept the _____.
10. How does the concept in question 9 explain the slope of the demand curve?

All people do not have the same demand for a good. Some people have a greater willingness and ability to purchase a good than other people do.

Use the information in question 11 to compare the demand curves of two different people for the same good.

11. Use the demand schedule below to create a demand curve for Carla's consumption of music downloads. Draw the graph on the grid in question 5. Label the curve D_2 .

DEMAND SCHEDULE FOR CARLA

Price (dollars)	Quantity demanded (units)
\$7	4
\$6	5
\$5	6
\$4	7
\$3	8
\$2	9
\$1	10

To answer questions 12–16, use the graph in question 5, which now shows both Simon's and Carla's demand curves.

12. Carla's demand curve (D_2) is to the _____ of Simon's demand curve (D_1).
13. For each of the listed prices, Carla is willing and able to buy _____ music downloads than Simon is willing and able to buy.
14. At each of the possible quantities, Carla is willing and able to pay a _____ price than Simon is willing and able to pay.
15. The demand curves you created on the grid in question 5 are _____ demand curves.

16. Suppose Simon and Carla are the only buyers of music downloads. How would you create a market demand curve from the demand curves you drew on the grid in question 5?
