

Section 2: Guided Reading and Review

Shifts of the Demand Curve



A. As You Read

As you read Section 2, answer the following questions in the space provided.

1. What condition must exist to make a demand curve accurate? _____

2. What happens to a demand curve when there is a change in factors (other than price) that can affect consumers' decisions about purchasing the good? _____

3. How does consumer income affect the demand for normal and inferior goods? _____

4. How does consumer expectation affect demand for certain goods? _____

5. Explain how the baby boom generation affected demand for certain goods. _____

6. How are consumer tastes and advertising related? _____

7. Explain how demand for a good can affect demand for a related good. _____

8. Give an example of a substitute good. _____

B. Reviewing Key Terms

Match the definitions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

9. all other things held constant
10. goods whose demand increases as consumer income increases
11. goods whose demand falls as consumer income increases
12. goods that are bought and used together
13. goods that are used in place of one another

Column II

- a. normal goods
- b. substitutes
- c. *ceteris paribus*
- d. inferior goods
- e. complements