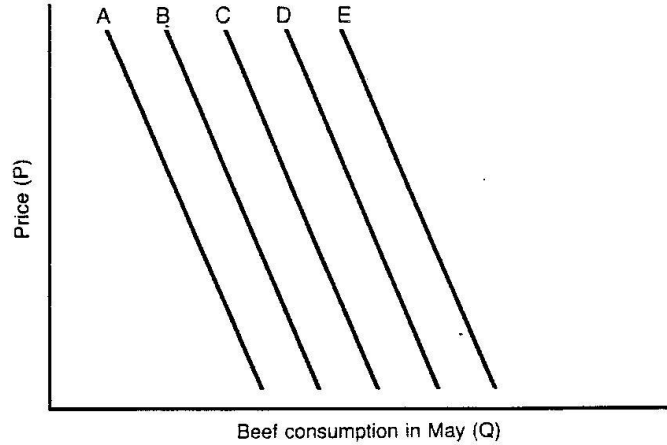


Handout 6-2

REASONS FOR CHANGES IN DEMAND

Name _____ Class _____



Read the following eight newspaper headlines. In each case decide if the event will cause a change in the demand for beef. If so, determine if it is an increase or a decrease, and write the correct answer. Begin at curve C. If you think headline 1 means there will be a decrease in demand, write "decrease" in the first blank and "B" in the second blank; move to curve B to do headline 2. If you think demand will increase, write "increase" and "D" in the blanks for headline 1; move to curve D to do headline 2.

Move only one curve at a time. Do not skip from say A to C even if you think the headline means there will be a large change in demand. Do not go beyond the five curves. If you are at A and the next headline implies a decrease in demand, you goofed somewhere. There is one headline which implies that the demand for beef does not change.

- 1 PRICE OF BEEF TO RISE IN JUNE
Demand _____ Curve _____
- 2 MILLIONS OF ALIENS SWELL U.S. POPULATION
Demand _____ Curve _____
- 3 PORK PRICES DROP
Demand _____ Curve _____
- 4 SURGEON GENERAL WARNS THAT EATING BEEF CAN BE HAZARDOUS TO HEALTH
Demand _____ Curve _____

- 5 MIGRATORY BIRDS HEAD NORTH; SUMMER AWAITS
Demand _____ Curve _____
- 6 REAL INCOME FOR AMERICANS DROPS 3RD MONTH IN ROW
Demand _____ Curve _____
- 7 CHARCOAL SHORTAGE THREATENS MEMORIAL DAY COOKOUTS
Demand _____ Curve _____
- 8 NATIONWIDE FAD: THE DISCO-BURGER
Demand _____ Curve _____

Optional bonus: Categorize each change in demand in the exercise above according to the reason that demand changed. Write the number of the headline(s) next to the reason for the change in demand. One category will have two headline numbers.

- _____ A change in consumer expectations
- _____ A change in consumer tastes
- _____ A change in the number of consumers in the market
- _____ A change in income
- _____ A change in the price of a substitute good
- _____ A change in the price of a complementary good

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