

Demand Problem Set Solutions

Principles of Microeconomics

July 11, 2025

1. (b) – A change in the price of hamburgers leads to a movement along the demand curve.
2. (a) – When the price of a substitute goes up, the demand for pizza increases.
3. (d) – Demand for an inferior good falls when incomes rise.
4. Shift; movement along.
5. Pumpkin juice is an inferior good because his demand for it rises as his income falls. His demand curve shifts right because he buys more.
6. It shifts left (decreases) because people's tastes shift towards a substitute.
7. (a) Demand increases because people's taste for minivans will increase.
(b) Demand increases because the price of a substitute increases.
(c) Demand decreases because cars are normal goods and people's income has declined.
8. (a) Complements
(b) Substitutes
(c) Substitutes
9. (a) Demand decreases because the price of a substitute falls.
(b) Demand increases because the number of buyers increases.