

ECON 101

TA Worksheet, Module 2 (Demand)

Name: _____

TA: _____

1. Draw a demand curve (label everything). Then, show me (with a picture of a demand curve) how consumers react when price falls. Label the starting point A and the end point B.

2. What's wrong with this statement? "Falling prices have increased demand for electric cars."

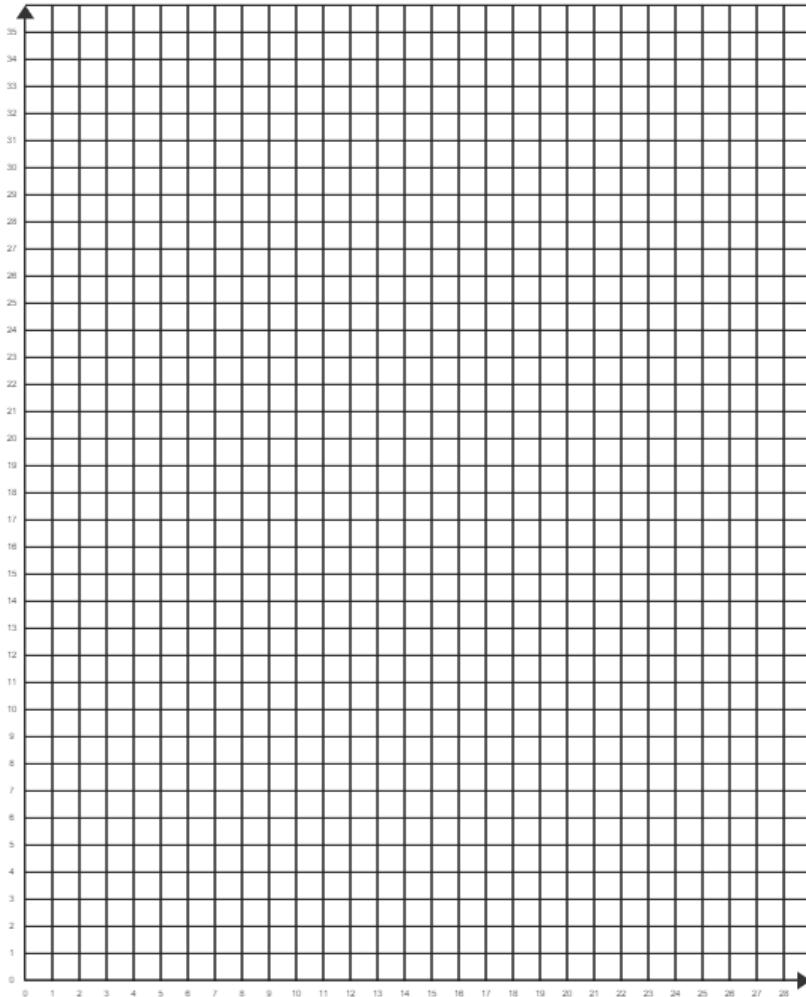
3. Show (with pictures) how demand reacts to an increase in the price of a substitute good.

4. Winter is here. How does that affect the demand side of the market for ice cream? Answer in words and pictures.

5. Suppose you have \$10 to spend. Slices of pizza cost \$2 each. Cans of Coke cost \$1 each. Given the following utility data, how much of each will you buy to maximize your utility?

| Slices of Pizza | TU | MU | MU/P | Cans of Coke | TU | MU | MU/P |
|-----------------|----|----|------|--------------|----|----|------|
| 1 | 20 | | | 1 | 20 | | |
| 2 | 36 | | | 2 | 35 | | |
| 3 | 46 | | | 3 | 45 | | |
| 4 | 52 | | | 4 | 50 | | |
| 5 | 54 | | | 5 | 53 | | |
| 6 | 51 | | | 6 | 52 | | |

6. On the graph below #7, graph this demand curve (solve for P first to get inverse demand): $Q=20-2P$.
7. Then graph the curve that would show what happens if D shifts out by 4. What's the equation for that new curve?



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