

**1** Macroeconomics **ACTIVITY 1-5**

1) Read the eight newspaper headlines in Figure 4.2, and use the table to record the impact, if any, of each event on the demand for beef. Use the first column to the right of the headline to show whether the event causes a change in demand. Use the next column to record whether the change is an increase or a decrease in demand. In the third column, decide whether the demand curve shifts left or right. Finally, write the letter for the new demand curve. Use Figure 4.1 to help you. Always start at curve B and move only one curve at a time. One headline implies that the demand for beef does not change.

Figure 4.1  
Beef Consumption in May

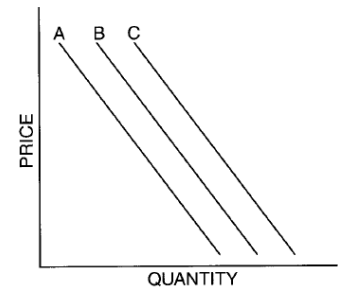
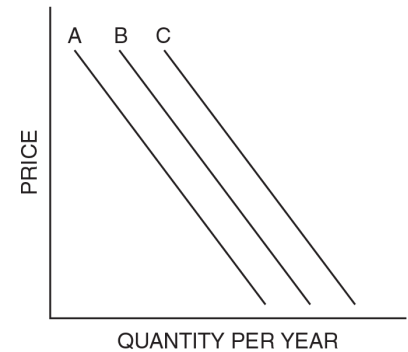


Figure 4.2

Headline	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?	$\Delta$ Price	$\Delta$ Quantity
1) Price of Beef to Rise in June							
2) Millions of Immigrants Swell US Population							
3) Pork Prices Drop							
4) Surgeon General Warns that Eating Beef Is Hazardous to Health							
5) Beef Prices Fall; Consumers Buy More							
6) Real Income for US Drops for Third Month							
7) Charcoal Shortage Threatens Memorial Day Cookout							
8) Nationwide Fad: The Disco-Burger							

Figure 1-5.1  
Demand for U.S.-Made Autos



2) Read the eight newspaper headlines in Figure 1-5.1, and use the table to record the impact, if any, of each event on the demand for US-made autos. Use the first column to the right of the headline to show whether the event causes a change in demand. Use the next column to record whether the change is an increase or a decrease in demand. In the third column, decide whether the demand curve shifts left or right. Next, write the letter for the new demand curve. Finally, decide which determinant of demand is causing the shift. Use Figure 1-5.1 to help you. Always start at curve B and move only one curve at a time. One headline implies that the demand for US-Made Autos does not change.

Figure 1.5.1

Headline	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?	$\Delta$ Price	$\Delta$ Quantity
1) Consumers' Income Drops							
2) Millions of Immigrants Enter the U.S.							
3) Price of Foreign Autos Drop							
4) Major Cities Add Inexpensive Bus Lines							
5) Price of U.S. Autos Rises							
6) Price of U.S. Autos Expected to Rise Soon							
7) Families Look Forward to Summer Vacations							
8) U.S. Auto Firms Launch Effective Ad Campaigns							

**2. Demand for Famous Amos Chocolate Chip cookies.**

Scenario	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?		
1) People start buying Famous Amos Ginger Snaps instead.							
2) Girl Scout Cookies are delivered.							
3) Nabisco raises their price for Chip's Ahoy cookies.							
4) More people move into town from New York.							

**3. Demand for Sun Tan Lotion at OBX Kwik-E-Mart.**

Scenario	Demand Shift? (Y/N)	If 'Yes', Increase or Decrease	Curve Shifts Left/Right	New Curve Letter	Which Determinant of Demand?		
1) More tourists come to town.							
2) The Surgeon General announces that sunbathing for 30 minutes per day will increase your risk of skin cancer by 200%.							
3) People start buying sun block instead.							
4) Montgomery Burns takes control of the sun and charges people for using the sun.							
5) Maggie Simpson shoots Mr. Burns and frees the right to the sun for all people.							
6) Summer ends causing tourists to return home.							