

Chap. 3: Questions for Review

Solutions 1a, 2a&b, 3

1. a. The demand schedule is a table that shows the relationship between the price of a good and the quantity demanded. The demand curve is the downward-sloping line relating price and quantity demanded. The demand schedule and demand curve are related because the demand curve is simply a graph showing the points in the demand schedule.

2. a. A change in consumers' tastes leads to a shift of the demand curve.

b. A change in price leads to a movement along the demand curve.

3. Since Francine buys more cabbage when her income falls, cabbage is an inferior good for her. Since she buys more cabbage, but the price of cabbage is unchanged, her demand curve for cabbage shifts to the right as a result of the decrease in her income.