Answer Key

Chapter 4

Section 1

Reading Study Guide

1. The desire to have a particular good or services and the ability to pay for it
2. The inverse relationship between price and demand: When prices go down, quantity demanded goes up; when prices go up, quantity demanded goes down.
3. A listing, often in table form, that shows how much of a good or service either an individual or a large group will pay for the good or service at a number of different prices. A schedule that shows the demand of an individual is called simply a demand schedule; a schedule that shows the demand of a large group of customers is called a market demand schedule.
4. A graph that shows how much of a good or service either an individual or a large group will pay for the good or service at a range of prices. A graph that shows the demand of an individual is called simply a demand curve; a graph that shows the demand of a large group of customers is called a market demand curve.
5. Demand curves and schedules of all types are all based on the assumption that all other economic factors remain constant.
6. She began designing wedding dresses unlike others being offered. Her experience in the fashion industry helped her get her business started.
7. Celebrities started ordering Wang's wedding gowns, and demand for her dresses grew quickly; Wang became the leading designer of wedding gowns in the U.S.

Mark It Up!

8. Student notes should have highlighting on statements that discuss the inverse relationship between price and demand. The cartoon should have a down-arrow, indicating that the storeowner has lowered prices.
9. He hopes that he will sell more hats more quickly, and as indicated by the caption, he hopes that people will no longer steal the hats, because for the low price, it's not worth the risk of getting caught.
10. Answers should indicate that the hats are probably not in fashion because if the hats were highly fashionable, there would be a higher demand for them and the storekeeper wouldn't need or want to put them on sale.

Copyright by McDougal Littell, a division of Houghton Mifflin Company