NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PERIOD: \_\_\_\_\_ DATE: \_\_\_\_\_\_ POINTS: \_\_\_\_\_\_

**CHAPTER 4 LAW OF DEMAND**

1. Demand is the desire, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and willingness to buy a product or service.

2. Prices act as a motivating influence, or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, that causes an individual to take action.

3. The Law of Demand states that the quantity demanded of a product varies \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with its price.

4. The market demand curve that shows the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ by everyone who is interested in purchasing a product at all possible prices.

5. As people use more and more of a product, they encounter \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

6. A demand schedule is best described as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

7. When the price of something increases, the quantity demanded \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

8. Consider the term marginal utility. Which word is the best synonym for marginal?

9. Why is a demand curve downward sloping?

10. Why is the Law of Demand called a “law”?

11. Movement along the demand curve showing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is purchased in response to a change in price and change in quantity demanded.

12. Portion of a change in quantity demanded caused by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_income when the price of a product changes is income effect.

13. Different amounts demanded at every price, causing the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_to shift to the left or the right is a change in demand.

14. Products related in such a way that an increase in the price of one\_\_\_\_\_\_\_\_\_\_\_\_ the demand for the otherare called substitutes.

15. Products related in such a way that an increase in the price of one \_\_\_\_\_\_\_\_\_\_ the demand for the other are called complements.

16. A change in quantity demanded is represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

17. What is the main cause of a change in quantity demanded?

18. What is the relationship between income and demand?

19. What is it called when one product replaces a costly item with a less costly one?

20. What is a likely complement to a tablet computer?