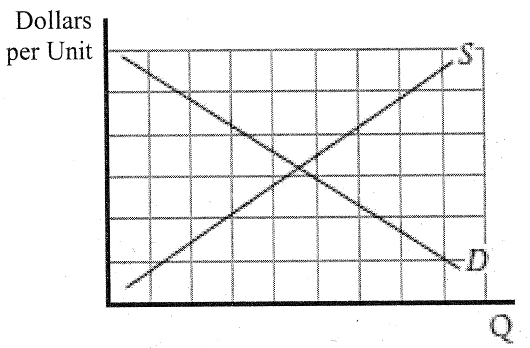
Problem Set 2.2

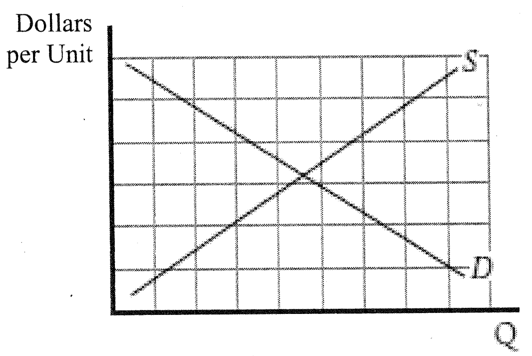
Shifting Demand Curves

On the graph provided, use a dotted line to illustrate the influence on demand (if any) of the stated change.

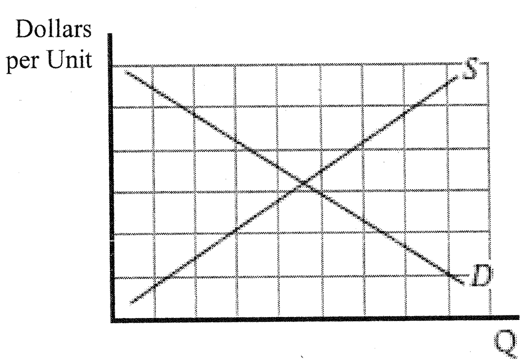
1. A new, less expensive substitute good is introduced into the market.



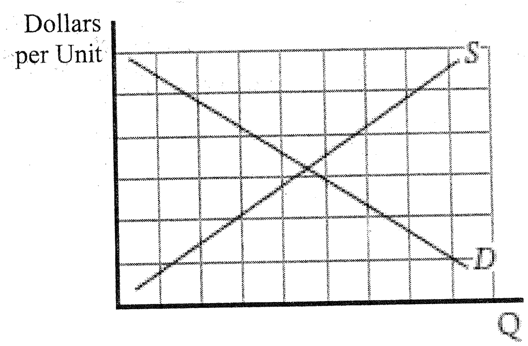
2. A law is passed that raises the age at which it is legal to consume this product.



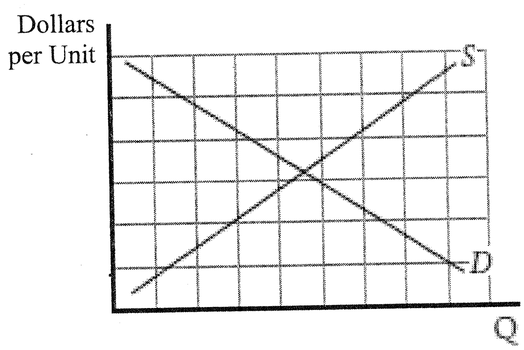
3. The price of a complementary good falls.



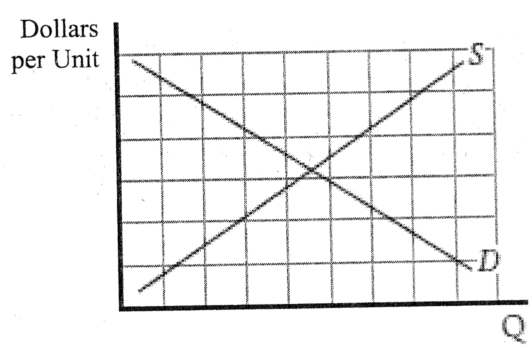
4. The government opens up its borders to completely free immigration.



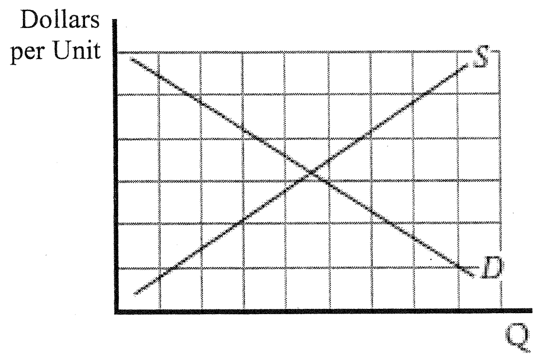
5. The good in question becomes more popular with consumers.



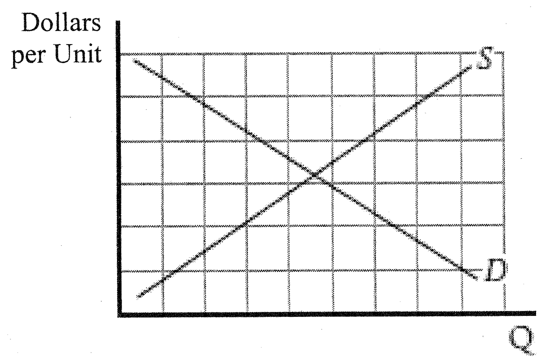
6. The cost of producing the good rises.



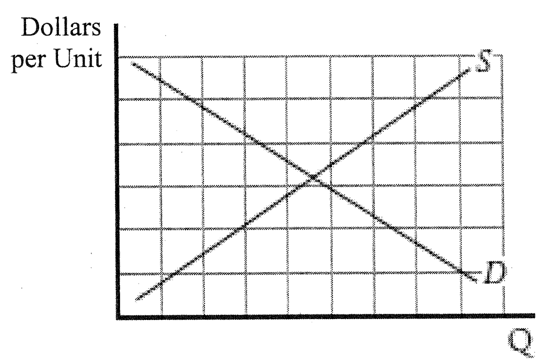
7. There is an expectation of higher future prices. (What would happen to present demand?)



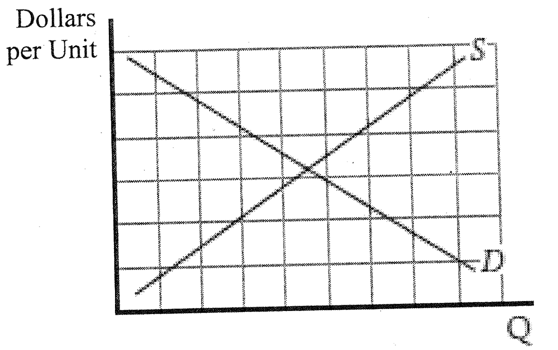
8. It is a normal good and buyers' incomes increase.



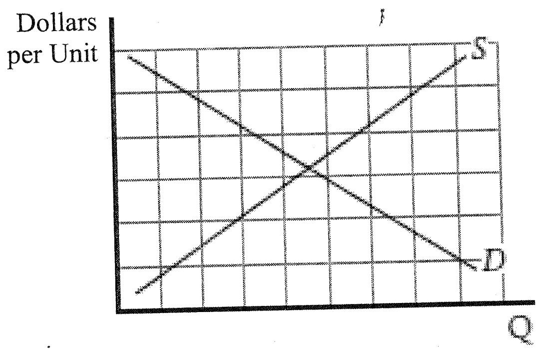
9. It is an inferior good and buyers' incomes rise.



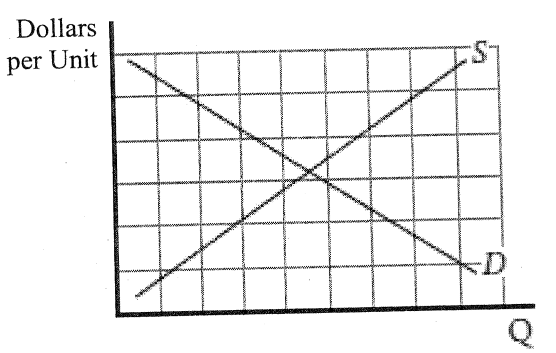
10. The price of the good rises.



11. A change in technology makes production more efficient.



12. The price of a good that is neither a substitute nor a complement good rises.



13. Create four problems like the ones above. Each should involve a change in a non-price determinant of demand that would shift the demand curve.