Solutions

Each answer shows the steps, then the **result**.

2.1

- as the price of a good rises, the quantity demanded falls (other things equal)

2.2

- the substitution effect and the income effect

2.3

- by horizontally summing (adding the quantities of) all individual demand curves at each price

3.1 A

3.2 B

3.3

(a)

- it rises

(b)

- a movement along the curve

(c)

- any one of: income, tastes, prices of related goods, expectations, number of buyers