

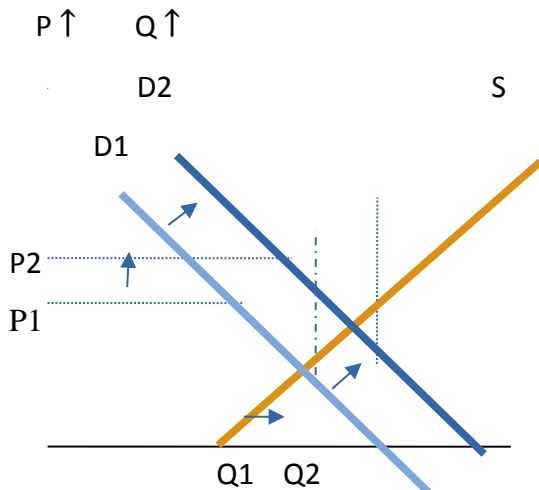
Answer on Question #81922 - Economics - Microeconomics

Consider the market for minivans. For each of the events listed here, identify which of the determinants of demand or supply are affected. Also indicate whether demand or supply increases or decreases. Then draw a diagram to show the effect on the price and quantity of minivans.

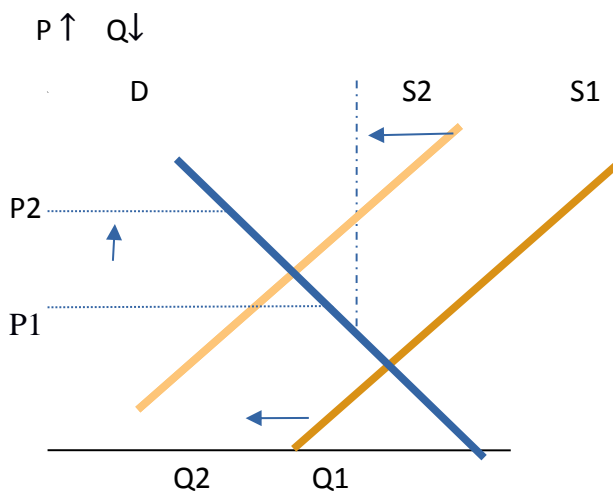
- People decide to have more children.
- A strike by steelworkers raises steel prices.
- Engineers develop new automated machinery for the production of minivans.
- The price of sports utility vehicles rises.
- A stock market crash lowers people's wealth.

Answer:

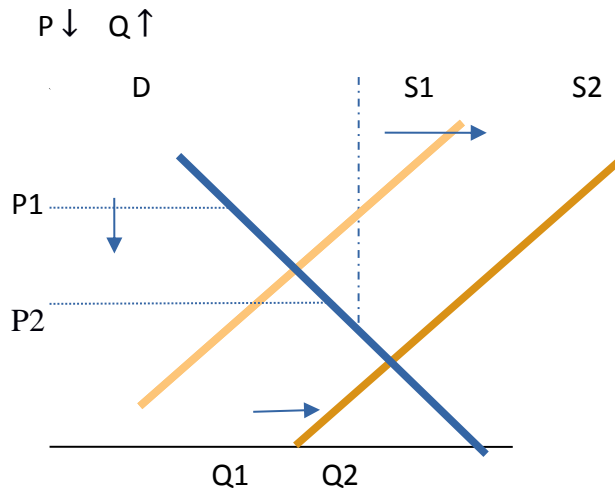
- People decide to have more children. - Demand, Increase (shift right).



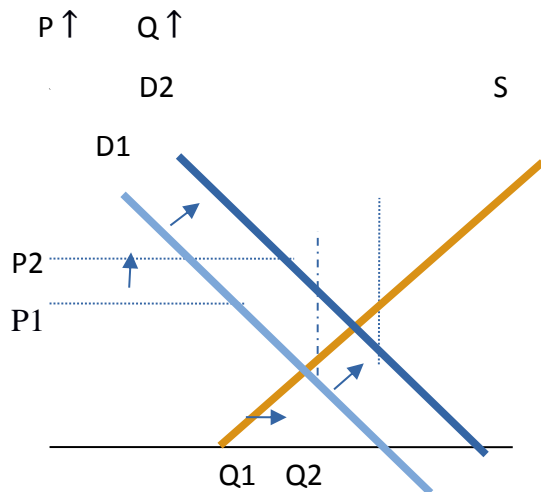
- A strike by steelworkers raises steel prices. - Supply, decrease (shift left).



c. Engineers develop new automated machinery for the production of minivans. - - Supply, increase (shift right).



d. The price of sports utility vehicles rises. - Demand, Increase (shift right). - If sports utility vehicles are substitutes for minivans.



e. A stock market crash lowers people's wealth. - Demand, decrease (shift left).

