

Normal and Inferior Goods Answer Key

Name: _____ Date: _____

Directions: Watch a short video from Khan Academy called [Normal and Inferior Goods](#). Answer the questions reviewing the concepts.

1. Maria loves to cook gourmet meals and has a home-based business selling her favorite meals. Based on the lesson from the video, would Maria consider frozen vegetables to be a normal or inferior good? Explain your answer.

Maria would consider frozen vegetables an inferior goods. As income increases, the demand for frozen vegetables decreases. In the video, an increase in income was an incentive for consumers to buy fewer of the least expensive cars. Instead, consumers chose to buy more expensive cars, because they could now afford them. Likewise, consumers like Maria would buy fewer frozen vegetables. Instead, they would buy more expensive fresh vegetables, because they can now afford them.

2. The video reported that laptops are normal goods. Are other electronics, like music players, cell phones, and televisions also normal goods? Explain your answer.

Music players, cell phones, and televisions are normal goods because there is a positive relationship between their demands and income. As income increases, the demand for these goods increase. As income decreases, the demand for these goods also decrease.

3. Explain shifts of the demand curve as demonstrated in the video.

Shifting the demand curve to the right shows an increase in demand. This shift indicates that quantity demanded is higher at each price level. In the video, an increase in income caused the demand curve to shift to

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the right for normal goods. Shifting the demand curve to the left shows a decrease in demand. This shift means that quantity demanded is lower at each price level. In the video, an increase in income caused the demand curve to shift to the left for inferior goods.

4. Think about your future. You will probably have an increase in income once you start working full-time. How will this increase affect your demand for most goods and services?

Your demand for various goods and services would be expected to increase as your income increases because you have more money to spend.

5. What would happen to your demand for goods and services if your future income decreased for some reason, such as losing your job?

Your demand for goods and services would be expected to decrease as your income decreases because you have less money to spend.

6. If your income increases, how would that affect your demand for normal goods and inferior goods?

Your demand for normal goods would increase, and your demand for inferior goods would decrease.

7. If your income decreases, how would that affect your demand for normal goods and inferior goods?

Your demand for normal goods would decrease, and your demand for inferior goods would increase.