

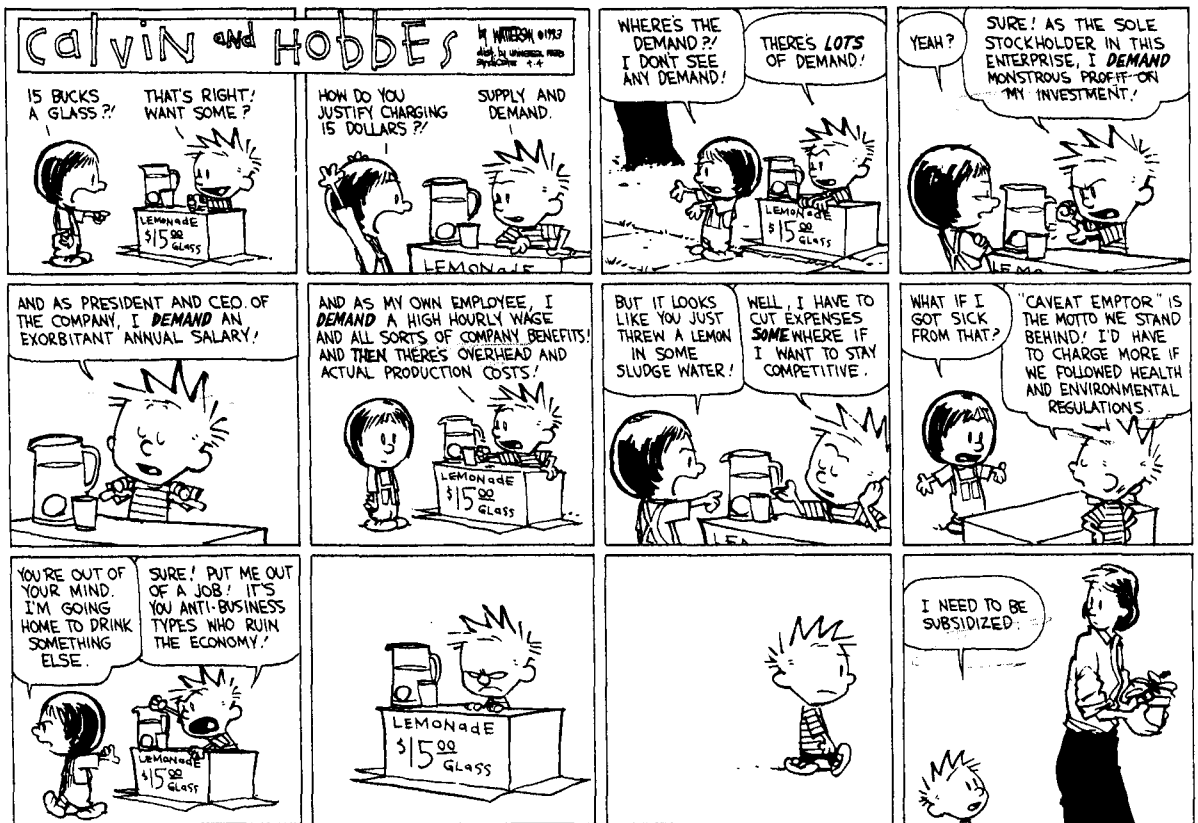
ECONOMIC CARTOON 4



I DEMAND!

Demand is a fundamental concept in economics. It is perhaps best defined as what people in the marketplace want to buy and at what price. But demand can get complicated. To truly understand demand, one needs also to understand the law of demand, quantity demanded, the demand curve, the elasticity of demand, and many other concepts. An imperfect understanding of demand can lead to some interesting results, as you shall see.

Directions: Study the cartoon below. Then answer the questions that follow.



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ECONOMIC CARTOON 4



EXAMINING THE CARTOON

Multiple Choice

1. The boy in the cartoon is named Calvin. What role does Calvin claim to play in his lemonade business?
a. owner b. president and CEO c. employee d. all of the above
2. Which group of people does the cartoon NOT indict?
a. workers b. stockholders c. regulators d. business people
3. What is ironic about the statement "Caveat emptor [let the buyer beware] is the motto we stand behind!"?
a. *Caveat emptor* is a motto of consumer caution—not something for a business to "stand behind."
b. *Caveat emptor* is a motto for huge, multinational firms—not a lemonade stand.
c. *Caveat emptor* is a nonsense term—something a small child would make up.
d. *Caveat emptor* is a Latin phrase—it has nothing to do with business.

Critical Thinking

4. **Analyzing the Cartoon** Identify at least five different political statements this single cartoon makes.

5. **Expressing Your Opinion** Which political statements identified in your answer to question 4 do you agree with? Explain why you think each one is fair or not.

ECONOMIC CARTOON 5



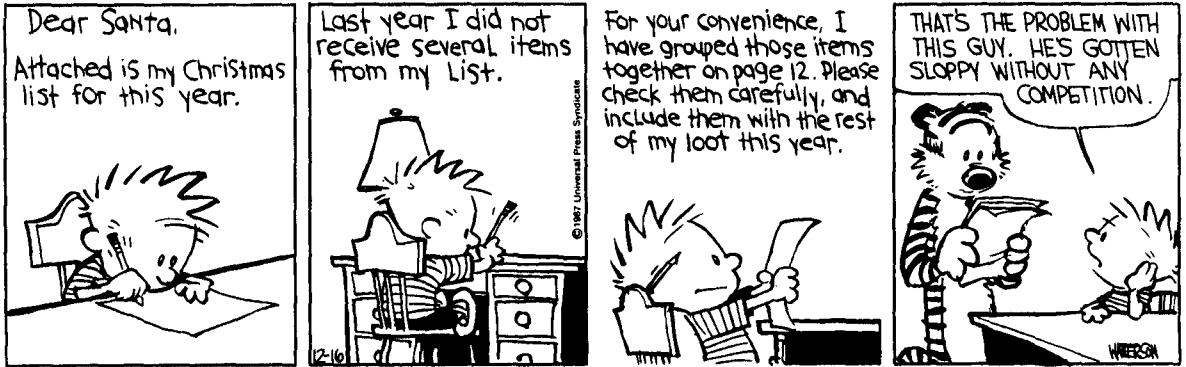
SANTA: A SLOPPY SUPPLIER?

The supply of goods and services in the American economy is fundamentally affected by competition. What products are supplied, how they are supplied, who supplies them, where and when they are supplied—all are largely determined by competition among suppliers. When the level of competition changes, the effects on consumers can be dramatic.

Directions: Study the cartoon below. Then answer the questions that follow.

Calvin and Hobbes

by Bill Watterson



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EXAMINING THE CARTOON

Multiple Choice

- This cartoon can be read and enjoyed on several levels. Which statement best captures the economic message of the cartoon?
 - "Materialism increases the quantity demanded."
 - "Consumer demand is elastic."
 - "Monopolies negatively affect consumers."
 - "Supply is related to demand."
- What is *economically* wrong about the interpretation the boy makes in the last panel?
 - Santa Claus doesn't really exist.
 - Santa Claus does have competition.
 - Santa Claus is not a manufacturer.
 - Santa Claus does not charge for goods.
- Assume the assessment of Santa Claus the boy makes in the last panel is correct. How would competition make him less "sloppy"?
 - Competition forces suppliers to improve service.
 - Competition has a direct effect on the quantity supplied.
 - Competition increases the elasticity of supply.
 - Competition creates supply.

Critical Thinking

- Analyzing the Cartoon** What can you infer about the boy from the third panel of the cartoon?

- Expressing Your Opinion** Identify and explain what you think is the central message of the cartoon.
