

**AREC 310**  
**General Price Analysis**  
**In-class Activity**

**Problem 1.** You are given the following schedule of demand for chocolate hearts. Use it to answer the following questions.

Price (\$)	Quantity (lbs)
4	6
8	5
12	4
16	3
20	2
24	1

- (a) Plot the demand curve using appropriate economic conventions. (Think: what goes on the y-axis and what goes on the x-axis?)
- (b) (i) What is the slope? (ii) Is it positive or negative? (iii) Why?
- (c) Calculate the own-price elasticity of demand when the price changes from \$8/lb to \$16/lb. Is it elastic or inelastic? Interpret.
- (d) Chocolate, specifically the kind used to make chocolate hearts, has recently been found to be linked with impaired decision-making. Will this affect the demand schedule given above? If so, how and clearly illustrate on your graph from (a)? If no, explain why.



