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DEMAND

Demand is the amount of a good or service that consumers are willing and able to buy at various prices.

DEMAND

Definition/Background

Demand is the quantity of a good or service that consumers are willing and able to buy at alternative prices during a specific time period. Supply is the quantity of a good or service that producers are willing and able to bring to market at alternative prices during a specific period of time. Demand reflects the actions of consumers while supply reflects the actions of producers.

Prices in the market are determined by the interaction of supply and demand. The law of demand states that people will buy more at lower prices and less at higher prices, if everything else remains the same. The law of supply predicts that producers will supply less at lower prices and more at higher prices, if everything else remains the same.

Things do not always remain the same. Demand for goods and services changes when there is a change in consumers' incomes or preferences, or in the prices of related goods or services, or in the number of consumers in a market. These changes affect market prices. Also, people's choices about what goods and services to buy and consume (demand) determine how resources will be used. Changes in demand for specific goods and services often affect the incomes of the workers who make those goods and services.

Teaching Ideas

1. Write this list on the board: snow shovel, yo-yo, umbrella, drum set, wall calendar. Tell the students that they work for a company that sells one of these products and sales have been falling. Review the determinants of demand. Their job is to think of at least five ways of creating more demand for their product.
2. Tell the students that it is predicted there will be a great demand for healthcare workers in the near future. Tell them to write a paragraph on why this may be true. They are to use at least four of the following words in their paragraph: DEMAND, GOOD, MARKET, SCARCITY, SERVICE, SHORTAGE, SUPPLY, SURPLUS.
3. Younger students often view demand simply as what consumers want. In economics, the term "demand" refers to two sub-concepts: quantity and price. Demand is the quantity consumers are willing and able to buy at different prices. The law of demand states that when prices increase, people buy less, and when prices decrease, people buy more. Many reports in the media – even in the business pages of the newspaper – fail to use the term correctly. Ask the students to read a newspaper or to check other media for errors in using the term "demand."
4. Bring in a tabloid newspaper from the grocery store. Read some of the sensational headlines to the students. Ask them to pretend that they are employed by this publication and to write an article with the title, "The Demand for Green Socks is at a Record High." Encourage the use of economic vocabulary words and silliness in their news article.

Lessons & Resources

Print Lessons

Master Curriculum Guides in Economics: Grades 3 – 4, Lesson 11: Those Golden Jeans (elementary)

Focus: Middle School Economics, Lesson 4: How Many Will You Buy? (middle)

Mathematics and Economics: Connections for Life: Grades 6-8, Lesson 10: Where Does the Price of Pizza Come From? (middle)

Online Lessons

To Market, To Market (elementary)

<http://www.econedlink.org/lessons/index.php?lesson=357&page=teacher>

Lemon Squeeze: The Lemonade Stand (middle)

<http://www.econedlink.org/lessons/index.php?lesson=369&page=teacher>

Literature

- **The Great Tulip Trade** by Beth Wagner Brust. Random House Children's Books, 2005. In 1626, Holland tulip bulbs are in great demand. Anna is given the gift of eight beautiful tulips and sensibly trades them for items that are practical and will have future value. [Grades K-3]
- **Lemons and Lemonade: A Book about Supply and Demand** by Nancy Loewen. Picture Window Books, 2004. When Karly opens a lemonade stand on a hot summer day she quickly learns about what it takes to be a successful entrepreneur. [Grades 2-5]
- **The Dead and the Gone** by Susan Beth Pfeffer. Harcourt, 2008. Seventeen-year-old Alex, the son of a Puerto Rican New York City working-class family, helps his family survive after cataclysmic climate changes cause great demand for dwindling supplies. [Grades 7-9]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia's K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers for economic education to learn about specific opportunities.

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The Virginia Council on Economic Education, in cooperation with The Federal Reserve Bank of Richmond, is pleased to provide this poster featuring a winning entry from the 2008-2009 Color the Economic Concepts Contest.

Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a \$50 U.S. Savings Bond.

Entries must be received by April 30, 2010. See www.vcee.org for more details.

For more resources on teaching economics and the Federal Reserve System go to www.richmondfed.org/educational_info. Among these free and easy to use resources you'll find lesson plans, workshop information and publications.

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