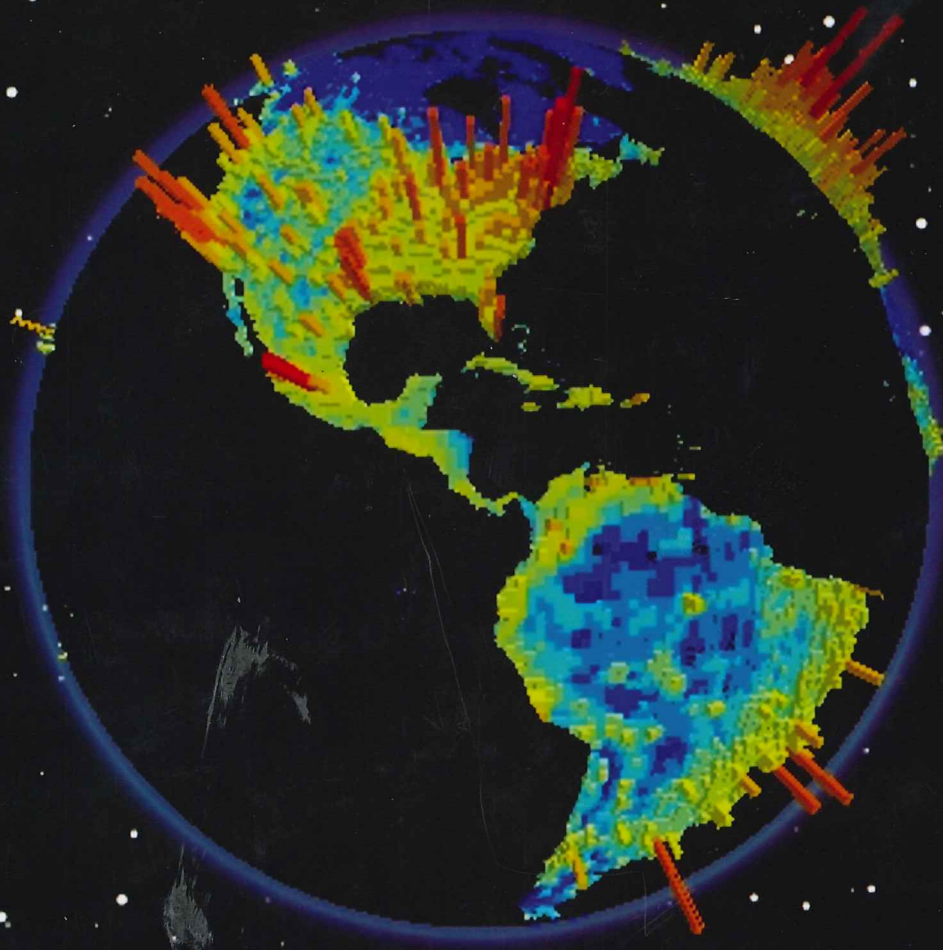


# Economics 19e



Paul A. Samuelson  
William D. Nordhaus

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# ECONOMICS

Nineteenth Edition

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*To our families, students, and colleagues*

## ECONOMICS

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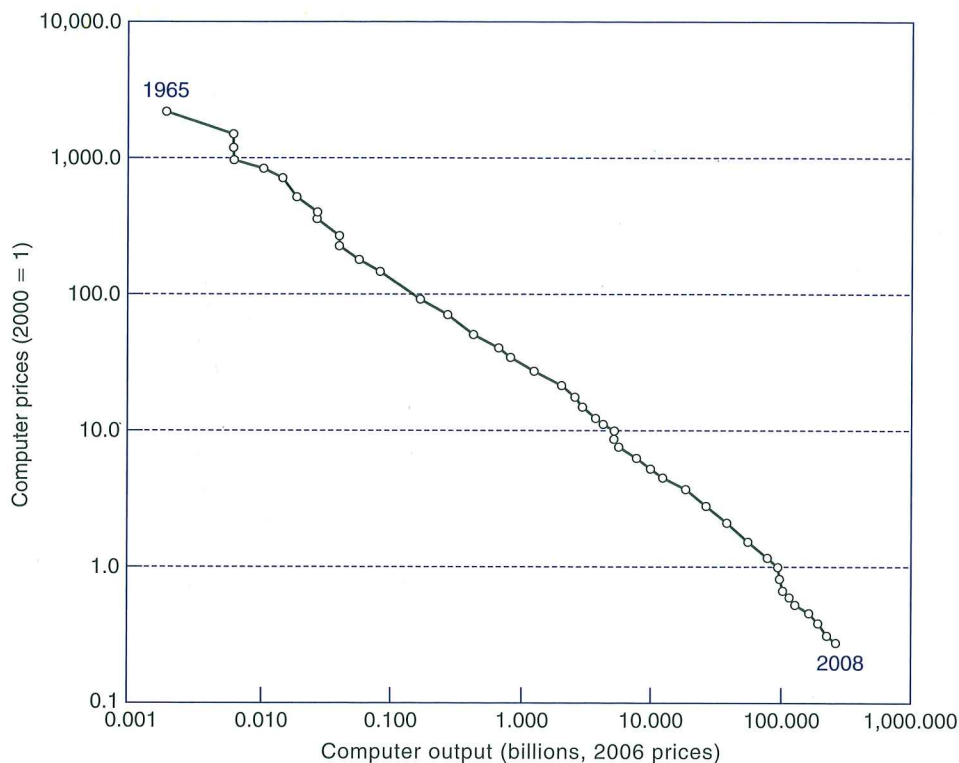
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**FIGURE 3-3. Declining Computer Prices Have Fueled an Explosive Growth in Computer Power**

The prices of computers and peripheral devices are measured in terms of the cost of purchasing a given bundle of characteristics (such as memory or speed of calculations). The real price of computer power has fallen by a factor of 8000 since 1965. Falling prices along with higher incomes and a growing variety of uses have led to a 140,000-fold growth in the quantity of computers (or, really, computational power) produced.

Source: Department of Commerce estimates of real output and prices. Note that the data are plotted on ratio scales.

#### Factors affecting the demand curve

#### Example for automobiles

- |                            |   |
|----------------------------|---|
| 1. Average income          | As incomes rise, people increase car purchases.   |
| 2. Population              | A growth in population increases car purchases.   |
| 3. Prices of related goods | Lower gasoline prices raise the demand for cars.  |
| 4. Tastes                  | Having a new car becomes a status symbol.   |
| 5. Special influences      | Special influences include availability of alternative forms of transportation, safety of automobiles, expectations of future price increases, etc. |

**TABLE 3-2. Many Factors Affect the Demand Curve**