

# Reading Quizzes

**RQ 2-1**

**RQ 2-2**

**RQ 2-3**

**51. In presenting the idea of a demand curve economists presume that the most important variable in determining the quantity demanded is:**

- A) the price of the product itself.
- B) consumer income.
- C) the prices of related goods.
- D) consumer tastes.

**52. The income and substitution effects account for:**

- A) the upward sloping supply curve.
- B) the downward sloping demand curve.
- C) movements along a given supply curve.
- D) the "other things equal" assumption.

**53. Which of the following will NOT cause the demand for video games to change?**

- A) a change in the price of a close substitute
- B) a change in consumer incomes
- C) a change in the price of video games
- D) a change in consumer tastes
- E) a change in consumer expectations of a price change for video games

**54. Which of the following events will cause the demand curve for hamburgers to shift to the right?**

- A) An increase in the price of hamburgers
- B) An increase in the price of pizza, a substitute for hamburgers
- C) An increase in the price of French fries, a complement to burgers
- D) A decrease in the number of hamburger consumers
- E) A decrease in the cost of producing hamburgers

**55. A rightward shift in the demand curve for product C might be caused by:**

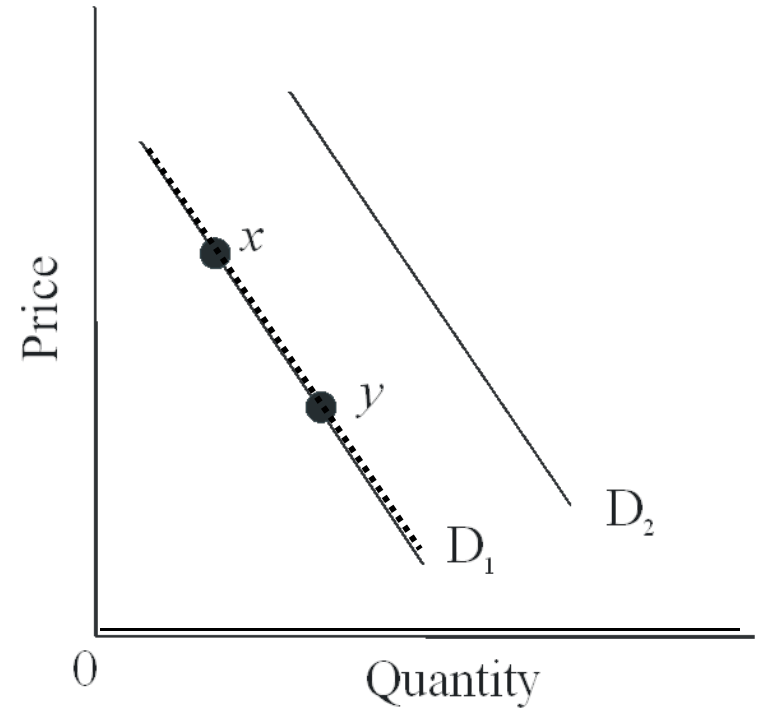
- A) an increase in income if C is an inferior good.
- B) a decrease in income if C is a normal good.
- C) a decrease in the price of a product that is a close substitute for C.
- D) a decrease in the price of a product that is complementary to C.

**56. If two goods are substitutes:**

- A) they are consumed together.
- B) an increase in the price of one will increase the demand for the other.
- C) a decrease in the price of one will increase the demand for the other.
- D) they are necessarily inferior goods.

**57. A decrease in demand is depicted by a:**

- A) move from point  $x$  to point  $y$ .
- B) shift from  $D_1$  to  $D_2$ .
- C) shift from  $D_2$  to  $D_1$ .
- D) move from point  $y$  to point  $x$ .



**58. A decrease in quantity demanded (as distinct from a decrease in demand) is depicted by a:**

- A) move from point  $x$  to point  $y$ .
- B) move from point  $y$  to point  $x$ .
- C) shift from  $D_2$  to  $D_1$ .
- D) shift from  $D_1$  to  $D_2$ .

59. The relationship between quantity supplied and price is \_\_\_\_\_ and the relationship between quantity demanded and price is \_\_\_\_\_.

- A) direct, inverse
- B) inverse, direct
- C) inverse, inverse
- D) direct, direct
- E) strong, weak

60. An increase in the price of a product will reduce the quantity demanded for that product because:

- A) supply curves are upsloping.
- B) the higher price means purchasing power has risen.
- C) consumers will substitute other products for the one whose price has risen.
- D) consumers get increasing marginal utility for each new unit of a good they consume

61. Z is an inferior good, a decrease in income will shift the:

- A) supply curve for Z to the left.
- B) supply curve for Z to the right.
- C) demand curve for Z to the left.
- D) demand curve for Z to the right
- E) there is no shift

62. An economist for a bicycle company predicts that a rise in consumer incomes will increase the demand for bicycles. This prediction assumes that:

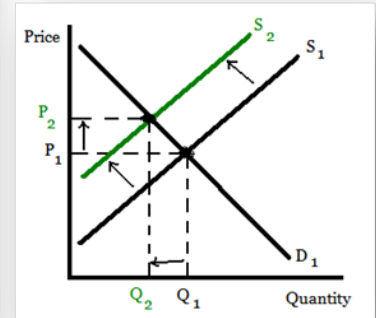
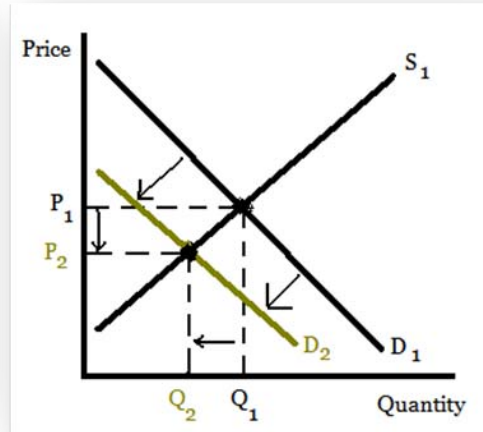
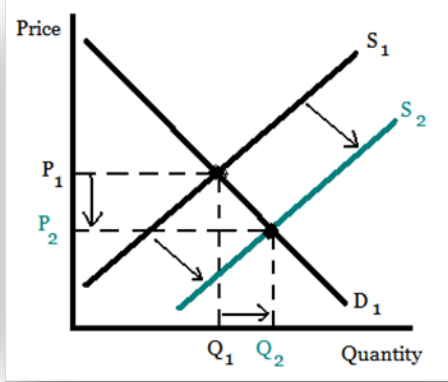
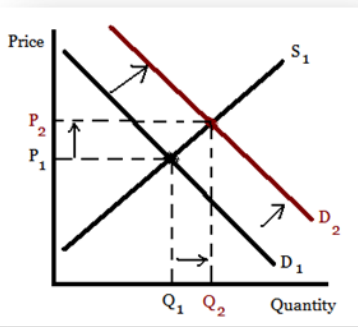
- A) there are many substitutes for bicycles.
- B) there are many complementary goods for bicycles.
- C) there are few goods that are substitutes for bicycles.
- D) bicycles are normal goods.
- E) bicycles are an inferior good

**63. Which of the following statements is correct?**

- A) A decline in the price of X will increase the demand for substitute product Y.
- B) A decrease in income will decrease the demand for an inferior good.
- C) An increase in income will decrease the demand for a normal good.
- D) increase in the price of X will decrease the demand for complementary product Y.

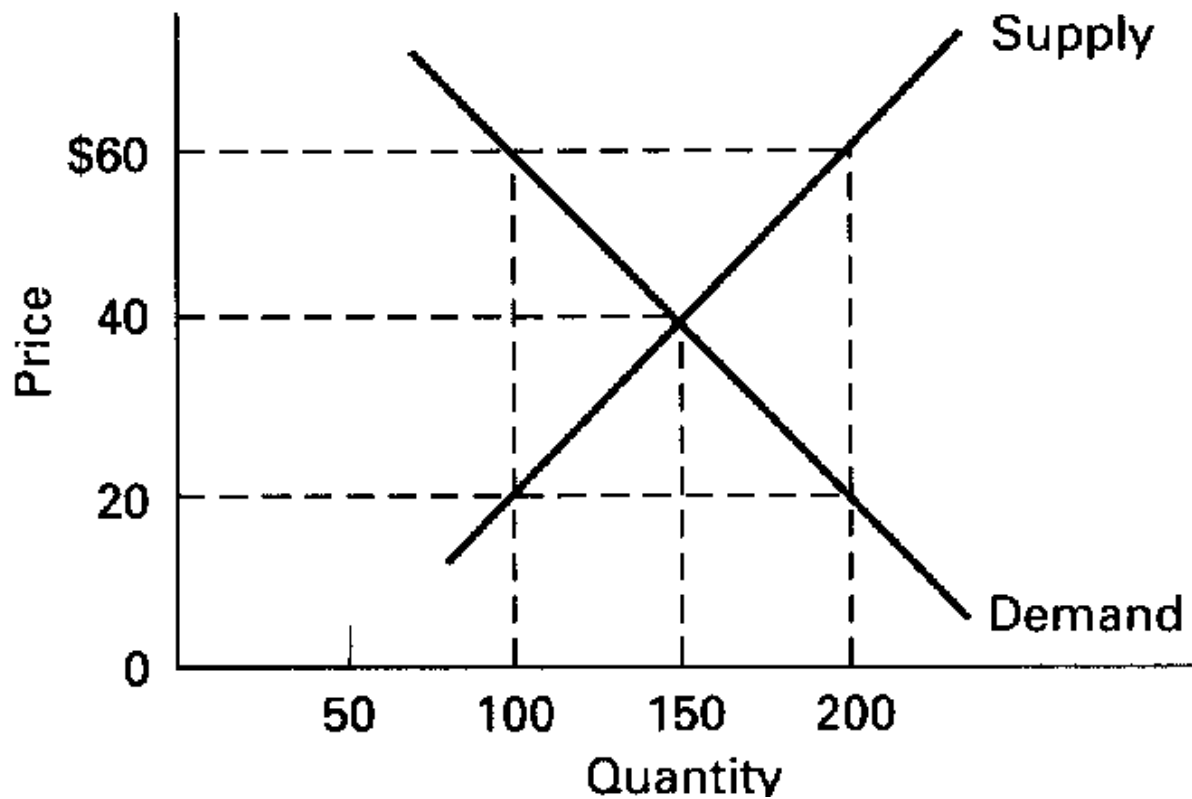
**64. A leftward shift of a supply curve might be caused by:**

- A) an improvement in the relevant technique of production.
- B) a decline in the prices of needed inputs (resources).
- C) an increase in consumer incomes.
- D) some firms leaving an industry.



**65. Which of the following statements is correct?**

- A) An increase in demand will cause an increase in price and a decrease in quantity
- B) A decrease in demand will cause a decrease in price and an increase in quantity
- C) An increase in demand will cause an increase in both price and quantity
- D) An increase in demand will cause a decrease in both price and quantity
- E) An increase in supply will cause a shortage



66. At price \$60, there would be a **SURPLUS** of...

- A) 100      B) 150      C) 200      D) 50      E) 0

67. At price \$40, there would be a **SHORTAGE** of...

- A) 100      B) 150      C) 200      D) 50      E) 0

68. If the cost of producing automobiles increases, the price, equilibrium quantity and consumer surplus will most likely change in which of the following ways?

	<u>Price</u>	<u>Quantity</u>	<u>Consumer Surplus</u>
A.	Increase	Increase	Increase
B.	Increase	Increase	Decrease
C.	Increase	Decrease	Decrease
D.	Decrease	Increase	Decrease
E.	Decrease	Decrease	Decrease

69. Other things equal, if the price of a key resource used to produce product X falls, the:

- A) product supply curve of X will shift to the right.
- B) product demand curve of X will shift to the right.
- C) product supply curve of X will shift to the left.
- D) product demand curve of X will shift to the left.
- E) both the supply and demand of X will increase

70. Which of the following statements is *correct*?

- A) If demand increases and supply decreases, equilibrium price will fall.
- B) If the demand and the supply both fall at the same time, quantity will be indeterminate
- C) If demand decreases and supply increases, equilibrium price will rise.
- D) If supply increases and demand decreases, equilibrium price will fall.
- E) If supply falls and demand remains constant, equilibrium price will fall.

71. If Buyer's Max=\$300, Seller's Min=\$150, & Price=\$350 then

- A) consumer's surplus is 50
- B) consumer's surplus is 100
- C) producer's surplus is 200
- D) producer's surplus is 50
- E) there would be no exchange

**72. The demand for a product is inelastic with respect to price if:**

- A) consumers are largely unresponsive to a per unit price change.
- B) the elasticity coefficient is greater than 1.
- C) a drop in price is accompanied by a decrease in the quantity demanded.
- D) a drop in price is accompanied by an increase in the quantity demanded.

**73. If the demand for bacon is relatively elastic, a 10 percent decline in the price of bacon will:**

- A) decrease the amount demanded by more than 10 percent.
- B) increase the amount demanded by more than 10 percent.
- C) decrease the amount demanded by less than 10 percent.
- D) increase the amount demanded by less than 10 percent.

# Answers

# Answers

51. A

52. B

53. C

54. B

55. D

56. B

57. C

58. B

59. A

60. C

61. D

62. D

63. D

64. D

65. C

66. A

67. E

68. C

69. A

70. D

71. E

72. A

73. B