

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Equilibrium is the condition that exists when 1) _____
A) quantity demanded equals quantity supplied.
B) the demand curve intersects the quantity axis.
C) there is no government intervention in the market.
D) the demand curve intersects the price axis.

Refer to the information provided in Table 3.2 below to answer the questions that follow.

Table 3.2		
Price per Gardenburger	Quantity Demanded (Gardenburgers per Month)	Quantity Supplied (Gardenburgers per Month)
\$6	1,100	650
8	1,000	700
10	900	750
12	800	800
14	700	850

- 2) Refer to Table 3.2. This market will be in equilibrium if the price per gardenburger is 2) _____
A) \$6. B) \$8. C) \$10. D) \$12.

Refer to the information provided in Figure 3.14 below to answer the questions that follow.

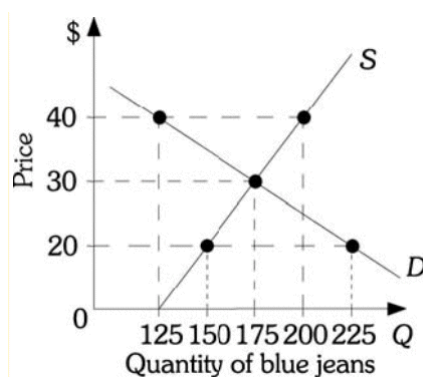


Figure 3.14

- 3) Refer to Figure 3.14. The market for blue jeans is in equilibrium at a price of _____ and a quantity of _____ blue jeans. 3) _____
A) \$20; 200 B) \$20; 1,000 C) \$40; 100 D) \$30; 175
- 4) A _____ in the price of _____ will cause a decrease in demand for cameras. 4) _____
A) fall; cameras. B) rise; a substitute good.
C) rise; a complementary good. D) rise; cameras.

Refer to the information provided in Figure 3.17 below to answer the questions that follow.

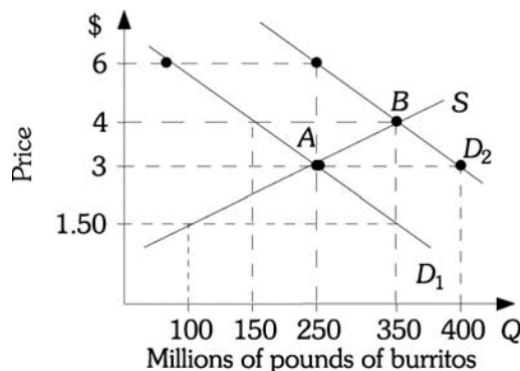


Figure 3.17

- 5) Refer to Figure 3.17. The market is initially in equilibrium at Point A. If demand shifts from D_1 to D_2 , the new equilibrium price will be _____ and the new equilibrium quantity will be _____. 5) _____
- A) \$6.00; 250 B) \$4.00; 350 C) \$3.00; 250 D) \$4.00; 150

Refer to the information provided in Figure 3.18 below to answer the questions that follow.

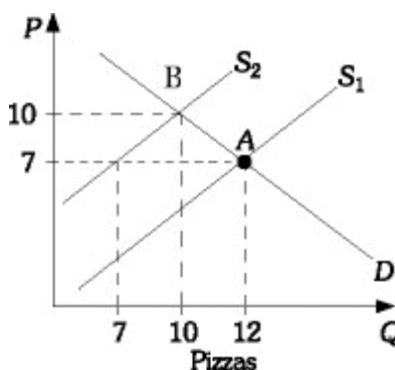


Figure 3.18

- 6) Refer to Figure 3.18. The market is initially in equilibrium at Point A. If supply shifts from S_1 to S_2 and the price of pizzas remains constant at \$7.00, there will be an excess _____ pizzas. 6) _____
- A) supply of 5 B) demand of 7 C) supply of 2 D) demand of 5
- 7) When there is a shortage of a product in an unregulated market, there is a tendency for _____ 7) _____
- A) quantity supplied to decrease. B) price to fall.
C) quantity demanded to increase. D) price to rise.
- 8) Presently the tire market is unregulated and characterized by excess supply. You accurately predict that the price of tires will _____, the quantity demanded will _____, and the quantity supplied will _____. 8) _____
- A) fall; rise; fall B) rise; fall; rise C) rise; rise; fall D) fall; fall; rise

- 9) DVD players and DVDs are complements. A rise in the player price would cause which of the following in the market for DVDs? The equilibrium price _____ and quantity of DVDs would _____.
- and quantity of DVDs would rise.
 - of DVDs would fall and the equilibrium quantity would rise.
 - and quantity of DVDs would fall.
 - of DVDs would rise and the equilibrium quantity would fall.

Refer to the information provided in Figure 3.14 below to answer the questions that follow.

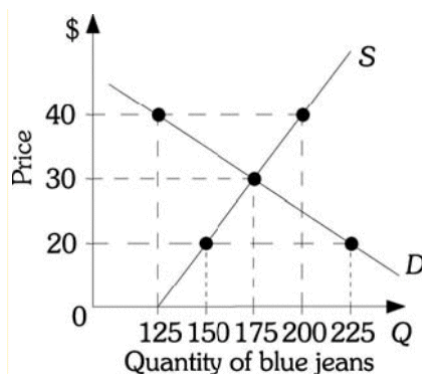


Figure 3.14

- 10) Refer to Figure 3.14. At a price of \$20, there is an excess _____ of _____ blue jeans.
- demand; 50
 - demand; 75
 - supply; 50
 - demand; 25
- 11) A(n) _____ in equilibrium _____ will occur when there is an increase in the supply of and decrease in demand for cassette tapes.
- increase; quantity
 - decrease; price
 - decrease; quantity
 - increase; price

Refer to the information provided in Figure 3.19 below to answer the questions that follow.

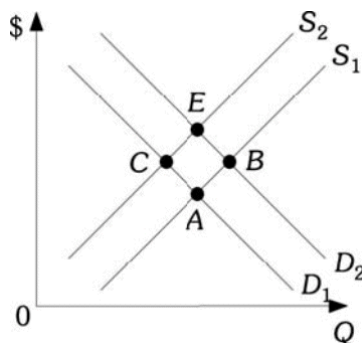


Figure 3.19

- 12) Refer to Figure 3.19. When the economy moves from Point E to Point B, there has been _____.
- a decrease in supply and an increase in demand.
 - a decrease in supply and an increase in quantity demanded.
 - an increase in supply and an increase in quantity demanded.
 - an increase in both supply and demand.

13) A(n) _____ in equilibrium _____ will occur when there is an increase in demand for and a decrease in supply of milk.

- A) decrease; price
B) increase; price
C) decrease; quantity
D) increase; quantity

13) _____

Refer to the information provided in Figure 4.5 below to answer the questions that follow.

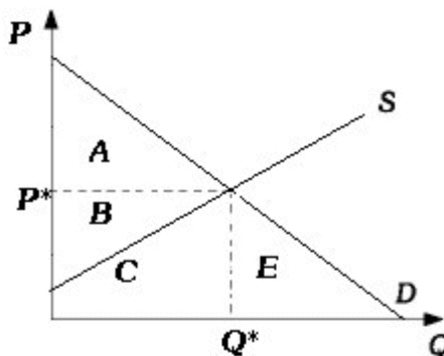


Figure 4.5

14) Refer to Figure 4.5. Which of the following areas represents consumer surplus?

- A) A
B) B
C) C
D) E

14) _____

15) Refer to Figure 4.5. Which of the following areas represents producer surplus?

- A) A
B) B
C) C
D) E

15) _____

16) A price ceiling is

- A) the difference between the initial equilibrium price and the equilibrium price after a decrease in supply.
B) the minimum price that consumers are willing to pay for a good.
C) a minimum price set by government that sellers must charge for a good.
D) a maximum price set by government that sellers may charge for a good.

16) _____

17) A price floor is

- A) a government set minimum price that sellers may charge for a good.
B) the difference between the initial equilibrium price and the equilibrium price after a decrease in supply.
C) a government set maximum price that sellers may charge for a good.
D) the minimum price that buyers are able and willing to pay for a good.

17) _____

Refer to the information provided in Figure 4.1 below to answer the questions that follow.

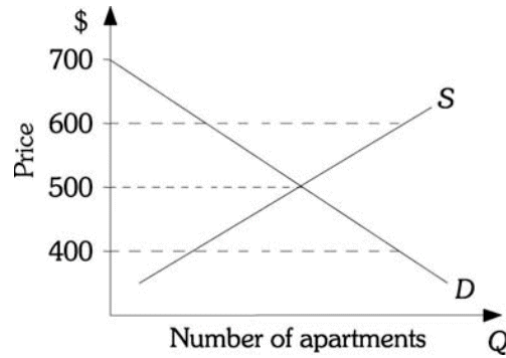


Figure 4.1

- 18) Refer to Figure 4.1 An example of an effective price ceiling would be the government setting rental rates for apartments at 18) _____
A) \$400. B) \$500. C) \$600. D) \$700.
- 19) Refer to Figure 4.1 An example of an effective price floor would be the government setting rental rates for apartments at 19) _____
A) below \$400. B) \$400. C) \$500. D) \$600.