

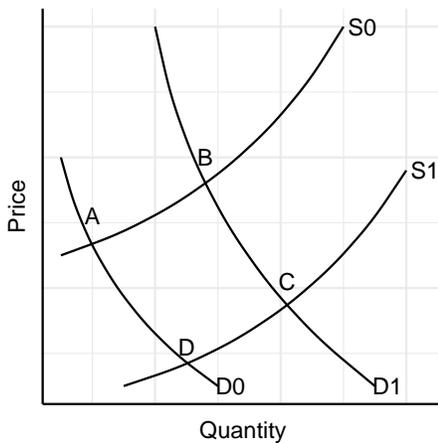
## Please answer all questions

	1	2	3	4	5	6
<b>Answer Grid:</b>	7	8	9	10		

**Multiple Choice Questions (use the answer grid).**

1. Economists use the term demand to refer to:
  - (a) a particular price-quantity combination on a demand curve
  - (b) the total amount spent on a particular product over a given time period
  - (c) the amount of a product that consumers are willing to purchase at a certain price
  - (d) the relationship between the various possible prices of a product and the quantities that consumers are willing to purchase at each price
  - (e) the price charged to consumers to purchase a given quantity of a product
2. The demand curve for a product may have a positive (upward) slope when:
  - (a) the product is no longer fashionable
  - (b) the "Veblen effect" applies
  - (c) the quantity of the product demanded increases as its price falls
  - (d) the prices of other products change
  - (e) consumer incomes change
3. Graphically, the market demand curve is:
  - (a) steeper than any individual demand curve that comprises it
  - (b) greater than the sum of the individual demand curves
  - (c) the horizontal sum of individual demand curves
  - (d) the vertical sum of individual income curves
  - (e) less than the sum of the individual demand curves
4. Which of the following is most likely to be an inferior product?
  - (a) a house in College Heights
  - (b) a flight with Helijet
  - (c) steaks from Meat Craft
  - (d) cell phones from Telus
  - (e) used clothing from Value Village
5. An increase in the wages of Nanaimo's framing carpenter will:
  - (a) lead to an increase of the quantity supplied of North Nanaimo homes
  - (b) shift the supply curve of Harewood homes to the left
  - (c) shift the demand curve for framing carpenter to the right
  - (d) decrease the average annual incomes of framing carpenter
  - (e) shift the demand curve for framing carpenter to the left
6. Which of the following does not cause the demand for product K to change?
  - (a) a change in the price of substitute product J
  - (b) an increase in consumer incomes
  - (c) a change in the price of K
  - (d) a change in consumer preferences
  - (e) a change in the price of complementary product L

Figure 1: Supply and Demand



7. Refer to Figure 1. S0 and D0 represent the original supply and demand curves, and S1 and D1 represent the new curves. In this market:

- (a) supply has decreased and the equilibrium price has increased
- (b) supply has decreased and the equilibrium price has decreased
- (c) demand has decreased and equilibrium price has increased
- (d) demand has increased and equilibrium price has increased
- (e) demand has increased and equilibrium price has decreased

8. A decrease in the price of cigarettes leads to a(n):

- (a) change in the supply of cigarettes
- (b) decrease in the quantity demanded of cigarettes

- (c) increase in the supply of indica(a substitute) as tobacco farmers switch to the production of indica
- (d) increase in the quantity supplied of cigarettes
- (e) a change in the demand of cigarettes

ounces of Indica	A	B	C	D	E
Demanded	45	50	58	61	67
Price in 1000's	\$5	4	3	2	1
Supplied	77	73	68	61	57

9. Refer to table 1. If the price in this market were \$4,000:

- (a) farmers would keep on increasing the number of hectares allocated to the growing of the product
- (b) buyers would want to purchase more of the product than is currently being supplied
- (c) farmers would not be able to sell all of the product
- (d) there would be a shortage of the product
- (e) market forces would force the price to be higher

10. Refer to table 1. A surplus of 10 units would be encountered if price were:

- (a) \$5,000
- (b) \$4,000
- (c) \$3,000
- (d) \$2,000
- (e) \$1,000, that is, \$2,000 minus \$1,000
- (f) \$6,000, that is \$1,000 plus \$5,000