

Q U I Z ♦ Chapter 4, Section 1

WHAT IS DEMAND?

SCORE

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. microeconomics
- _____ 2. demand curve
- _____ 3. demand
- _____ 4. marginal utility
- _____ 5. diminishing marginal utility

B

- a. graph showing the quantity demanded at each and every price at a given time
- b. the decrease in satisfaction or usefulness received from each additional unit of a product
- c. the desire, ability, and willingness to buy a product
- d. listing that shows the quantity demanded at all possible prices at a given time
- e. area of economics that deals with behavior and decision making of small units
- f. the extra usefulness or satisfaction a person gets from acquiring or using one more unit of a product

Multiple Choice: In the blank at the left write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. The Law of Demand states that
 - a. more will be purchased at low prices than at high ones.
 - b. less will be purchased at low prices than at high ones.
 - c. approximately the same amount will be purchased at low prices than at higher prices.
 - d. all people have the ability, desire, and willingness to buy.

- _____ 7. The demand curve is always
 - a. upward sloping.
 - b. downward sloping.
 - c. level.
 - d. irregular.

- _____ 8. Buying only one instead of two sodas at lunch time describes what concept?
 - a. demand
 - b. consumerism
 - c. marginal utility
 - d. diminishing marginal utility

- _____ 9. All of the following must exist for there to be demand EXCEPT
 - a. a desire to buy a product.
 - b. producers to sell a product.
 - c. an ability to buy a product.
 - d. a willingness to buy a product.

- _____ 10. Which of the following statements does NOT describe the demand curve?
 - a. Prices are listed on the vertical axis.
 - b. Quantities demanded are listed on the horizontal axis.
 - c. The demand curve represents the various combinations of prices and quantities demanded that could occur in the market.
 - d. It shows the demand for a product over time rather than at a given point in time.

Q U I Z ♦ Chapter 4, Section 2

FACTORS AFFECTING DEMAND

SCORE

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. change in quantity demanded
- _____ 2. income effect
- _____ 3. substitution effect
- _____ 4. substitutes
- _____ 5. complements

B

- a. change in quantity demanded due to a change in price that alters a consumer's real income
- b. illustrated by movement along the demand curve
- c. products that tend to be used together
- d. a change in quantity demanded due to a change in the relative price of a product
- e. the demand for an economic product varies inversely with its price
- f. products that can be used in place of other products

Multiple Choice: In the blank at the left write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. Which of the following would cause a change in the quantity demanded for a product?
 - a. changing consumer tastes
 - b. increasing consumer income
 - c. decreasing the price of the product
 - d. changing prices of related products

- _____ 7. How does the demand curve respond to an increase in demand?
 - a. The curve shifts left.
 - b. The curve shifts right.
 - c. There is movement along the curve.
 - d. There is no change in the curve.

- _____ 8. All of the following would cause a change in demand of a product EXCEPT
 - a. a decrease in consumer income.
 - b. the substitution effect.
 - c. changing consumer tastes.
 - d. an increase in the price of related products.

- _____ 9. All of the following are examples of complements EXCEPT
 - a. butter and margarine.
 - b. flashlights and batteries.
 - c. peanut butter and jelly.
 - d. cameras and film.

- _____ 10. A change in the number of consumers can cause
 - a. the demand curve to shift.
 - b. a substitution effect.
 - c. the market demand curve to shift.
 - d. prices to fall.

Q U I Z ♦ Chapter 4, Section 3

E ELASTICITY OF DEMAND

SCORE

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. elasticity
- _____ 2. demand elasticity
- _____ 3. elastic
- _____ 4. unit elastic
- _____ 5. inelastic

B

- a. the extent to which a change in price causes a change in the quantity demanded
- b. describes demand when a given change in price causes a relatively smaller change in the quantity demanded
- c. describes demand when a given change in price causes a proportional change in the quantity demanded
- d. analysis of the effects of a price change to determine elasticity
- e. a measure of responsiveness that shows how a dependent variable such as quantity responds to an independent variable such as price
- f. describes demand when a given change in price causes a relatively larger change in the quantity demanded

Multiple Choice: In the blank at the left write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. Total expenditures are determined by
 - a. multiplying the price of a product by the quantity demanded.
 - b. measuring the elasticity of a product.
 - c. dividing the price of the product by demand.
 - d. dividing the demand for the product by its price.
- _____ 7. The relationship between the change in price and total expenditures for an elastic demand curve is
 - a. variable.
 - b. unit elastic.
 - c. inverse.
 - d. direct.
- _____ 8. All of the following are determinants of demand elasticity EXCEPT
 - a. whether the purchase of the product can be delayed.
 - b. whether there are adequate substitutes for the product.
 - c. whether the purchase of the product requires a large portion of income.
 - d. whether the product has utility.
- _____ 9. A company decreases the price of a gallon of milk by 10 percent and the company's total revenues fall significantly. What term best describes the demand for milk?
 - a. elastic
 - b. inelastic
 - c. unit elastic
 - d. demand elastic
- _____ 10. All of the following products have relatively inelastic demand EXCEPT
 - a. a physician's services.
 - b. tobacco products.
 - c. stereo equipment.
 - d. prescription drugs.