1. Equilibrium in a competitive market occurs when
   a. there is no shortage
   b. there is no surplus
   c. quantity demanded equals quantity supplied
   d. all of the above occur.

2. If oranges and grapefruit are close substitutes, a decrease in the price of oranges will shift the demand curve of
   a. both products to the right.
   b. both products to the left.
   c. grapefruit to the left.
   d. oranges to the right.

3. Suppose people expect the price of gasoline to increase in the near future. As a result, the equilibrium price will _______ and the equilibrium quantity will _________.
   a. increase, increase
   b. decrease, decrease
   c. increase, decrease
   d. decrease, increase.

4. In Figure 3-18, there would be a surplus of T-shirts if the price were
   a. $10.
   b. $8.
   c. below $8.
   d. between $8 and $6.

Table 3-1

Use this table for the following questions.
<table>
<thead>
<tr>
<th>Price</th>
<th>Quantity Demanded</th>
<th>Quantity Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>1,000</td>
<td>5,500</td>
</tr>
<tr>
<td>9</td>
<td>2,000</td>
<td>5,000</td>
</tr>
<tr>
<td>8</td>
<td>3,000</td>
<td>4,500</td>
</tr>
<tr>
<td>7</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>6</td>
<td>5,000</td>
<td>3,500</td>
</tr>
<tr>
<td>5</td>
<td>6,000</td>
<td>3,000</td>
</tr>
<tr>
<td>4</td>
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<td>2,500</td>
</tr>
<tr>
<td>3</td>
<td>8,000</td>
<td>2,000</td>
</tr>
<tr>
<td>2</td>
<td>9,000</td>
<td>1,500</td>
</tr>
<tr>
<td>1</td>
<td>10,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

5. Refer to Table 3-1. What is the equilibrium price in the example above?
   a. $9
   b. $8
   c. $7
   d. $6
   e. $5

6. Suppose that the demand for and supply of gasoline increase simultaneously. From this information, we know that the equilibrium price of gasoline _______ and the equilibrium quantity of gasoline _______.
   a. will decrease; may or may not change
   b. will decrease; will decrease
   c. may or may not change; will increase
   d. may or may not change; will decrease
Econ 201 Quiz 2 F2003
Answer Section

MULTIPLE CHOICE

1. D
2. C
3. A
4. A
5. C
6. C