Econ 202 Quiz 2

Multiple Choice
*Identify the letter of the choice that best completes the statement or answers the question.*

___ 1. A decrease in demand will have what effect on equilibrium price and quantity?
   a. Price will increase; quantity will decrease.
   b. Price will decrease; quantity will increase.
   c. Both price and quantity will increase.
   d. Both price and quantity will decrease.

___ 2. An upward-sloping supply curve shows that
   a. buyers are willing to pay more for a scarce product.
   b. suppliers are willing to increase production of their goods if they can receive higher prices for them.
   c. buyers are unaffected by sellers' costs of production.
   d. the price of a product is not influenced by the price buyers are willing to pay.
   e. at higher prices, an envy effect begins to affect the demand curve.

Figure 3-5

___ 3. If the suppliers of a good will sell any amount at $30 but there are no sales, then the market can best be represented by which graph in Figure 3-5?
   a. 1
   b. 2
   c. 3
   d. 4

___ 4. The low-hanging fruit principle is most closely related to the
   a. downward slope of the demand curve.
   b. upward slope of the demand curve.
   c. downward slope of the supply curve.
   d. upward slope of the supply curve.

Figure 3-6
5. Grapes can be used for wine or for raisins. Assuming that foreign wines do not use US grapes, which graph in Figure 3-6 best depicts the effects on the U.S. raisin market of an increase in imports of foreign wines?
   a. 1
   b. 2
   c. 3
   d. 4

Figure 3-8

6. Suppose that women in a city are having more babies than they did 15 years before. The result is that mothers today have trouble finding baby-sitters and are shocked at what they must pay for child care. Which graph in Figure 3-8 best illustrates how the situation has changed?
   a. 1
   b. 2
   c. 3
   d. 4
Econ 202 Quiz 2
Answer Section

MULTIPLE CHOICE

1. D
2. B
3. D
4. D
5. B
6. D