Chapter 02 - Supply and Demand

Multiple Choice Questions

1. The mechanism by which buyers and sellers negotiate an exchange is called a/an
   a. Equilibrium
   b. Model
   C. Market
   d. Meeting

2. The supply and demand model examines the how prices and quantities are determined
   A. In markets
   b. By governments
   c. By churches
   d. By monopolists

3. On the Heritage Foundation's scale of "Economic Freedom," the least "free" country would be that one who's economic system was purely
   a. Capitalist
   b. Socialist
   c. Utilitarian
   D. Communist

4. The amount of money that must be paid per unit of output is called the
   a. Market
   b. Equilibrium
   c. Wage
   D. Price
5. The group of people who are willing to provide goods and services in exchange for money are called
   a. Profiteers
   b. Benefactors
   c. Consumers
   D. Producers

6. The group of people who are willing to offer money in exchange for goods and services are called
   a. Profiteers
   b. Benefactors
   C. Consumers
   d. Producers

7. The price at which the amount consumers wish to purchase equals the amount firms wish to sell is called the
   a. Equilibrium quantity
   B. Equilibrium price
   c. Optimal quantity
   d. D.Optimal result

8. The amount consumers are willing and able to buy at a particular price during a specified period of time is the
   a. Demand
   b. Supply
   C. Quantity demanded
   d. Quantity supplied

9. The amount that firms are willing and able to sell at a particular price during a particular period of time is the
   a. Demand
   b. Supply
   c. Quantity demanded
   D. Quantity supplied
10. The underlying reason for the upward sloping nature of the supply curve is that
   a. The production of most goods comes with increasing marginal benefits
   B. The production of most goods comes with increasing marginal costs
   c. The consumption of most goods comes with decreasing marginal utility
   d. The consumption of most goods comes with increasing marginal utility

11. Ceteris paribus is Latin for
   a. All is lost
   b. At equilibrium
   c. Equilibrium is optimal
   D. Holding all other things constant

12. When an economics student draws a supply and demand diagram to model an increase in
   the income, she is assuming this change happens
   a. Semper fidelis
   B. Ceteris paribus
   c. Ipso facto
   d. De facto

13. The relationship between price and quantity demanded, ceteris paribus is
   A. Demand
   b. Supply
   c. Equilibrium
   d. Quantity supplied

14. The relationship between price and quantity supplied, ceteris paribus is
   a. Demand
   B. Supply
   c. Quantity demanded
   d. Equilibrium
Use the following to answer questions 15-18:

<table>
<thead>
<tr>
<th>Price</th>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>$2</td>
<td>4</td>
<td>2</td>
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<tr>
<td>$3</td>
<td>3</td>
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<tr>
<td>$4</td>
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<td>4</td>
</tr>
<tr>
<td>$5</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 2.1

15. From Table 2.1 above, which column is likely to be the one for quantity demanded?
   A. Column A  
   b. Neither A nor B  
   c. Column B  
   d. Either A or B are equally likely

16. From Table 2.1 above, which column is likely to be the one for quantity supplied?
   a. Column A  
   b. Neither A nor B  
   C. Column B  
   d. Either A or B are equally likely

17. From Table 2.1 above, and under the most likely scenario where columns A and B are assigned to represent quantity demanded and quantity supplied, which is the equilibrium price?
   a. $1  
   b. $2  
   C. $3  
   d. $4
18. From Table 2.1 above, and under the most likely scenario where columns A and B are assigned to represent quantity demanded and quantity supplied, which is the equilibrium quantity?
   a. 1 unit  
   b. 2 units  
   **C. 3 units**  
   d. 4 units

Use the following to answer questions 19-30:

![Figure 2.1](image_url)

19. In Figure 2.1 above, Box 1 would be labeled
   a. P* for equilibrium price
   **B. P** for price
   c. S for supply
   d. D for demand
20. In Figure 2.1 above, Box 2 would be labeled
a. P* for equilibrium price
b. P for price
C. S for supply
d. D for demand

21. In Figure 2.1 above, Box 3 would be labeled
A. P* for equilibrium price
b. P for price
c. S for supply
d. D for demand

22. In Figure 2.1 above, Box 4 would be labeled
A. Q* for equilibrium quantity 
b. S for supply
c. P for price
d. D for demand

23. In Figure 2.1 above, Box 5 would be labeled
a. P* for equilibrium price
b. P for price
c. S for supply
D. D for demand

24. In Figure 2.1 above, Box 6 would be labeled
a. P* for equilibrium price
b. S for supply
c. P for price
D. Q/t for quantity per unit of time
25. In Figure 2.1 above, a "P" for price would go in
   A. Box 1
   b. Box 2
   c. Box 4
   d. Box 6

26. In Figure 2.1 above, a "P*" for equilibrium price would go in
   a. Box 1
   b. Box 2
   C. Box 3
   d. Box 4

27. In Figure 2.1 above, a "D" for Demand would go in
   a. Box 2
   b. Box 4
   C. Box 5
   d. Box 6

28. In Figure 2.1 above, a "S" for Supply would go in
   A. Box 2
   b. Box 4
   c. Box 5
   d. Box 6

29. In Figure 2.1 above, a "q/t" for quantity per unit time price would go in
   a. Box 1
   b. Box 2
   c. Box 4
   D. Box 6
30. In Figure 2.1 above, a "Q*" for equilibrium quantity would go in
   a. Box 1
   b. Box 2
   c. Box 3
   d. Box 4

31. The condition where firms do not want to sell as many as consumers want to buy is called
   a. A shortage
   b. A surplus
   c. Equilibrium
   d. A market collapse

32. The condition where firms want to sell more than consumers want to buy is called.
   a. A shortage
   b. A surplus
   c. Equilibrium
   d. A market collapse

33. If the supply and demand curves cross at a price of $2, at any price above that there will be
   a. An equilibrium
   b. A surplus
   c. A shortage
   d. A crisis

34. If the supply and demand curves cross at a quantity of 100, then the price necessary to get
   firms to sell more than that will have to be _______ equilibrium.
   a. Above
   b. At
   c. Below
   d. Within 10% either way of
35. A surplus exists when
a. QD>QS  
**B.** QD=QS  
c. QD<QS  
d. An act of god makes goods available only at very high prices

36. A shortage exists when
**A.** QD>QS  
b. QD<QS  
c. QD=QS  
d. An act of god makes goods available at very low prices

37. Another term for surplus is
**A.** Excess supply  
b. Excess demand  
c. Equilibrium supply  
d. Equilibrium demand

38. Another term for shortage is
a. Excess supply  
**B.** Excess demand  
c. Equilibrium supply  
d. Equilibrium demand

Use the following to answer questions 39-40:

<table>
<thead>
<tr>
<th>Price</th>
<th>Quantity Demanded</th>
<th>Quantity Supplied</th>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
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<td>1</td>
<td></td>
<td>4</td>
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<tr>
<td>$2</td>
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<tr>
<td>$5</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.2
39. From Table 2.2 above, which column is the one for shortage?
   a. Column A  
   b. Neither A nor B  
   C. Column B  
   d. Either A or B are equally likely

40. From Table 2.2 above, which column is the one for surplus?
   A. Column A  
   b. Neither A nor B  
   c. Column B  
   d. Either A or B are equally likely

Use the following to answer questions 41-45:

<table>
<thead>
<tr>
<th>Price</th>
<th>Quantity Demanded</th>
<th>Quantity Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
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<td>$4</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>$5</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 2.2

41. From Table 2.2 above, at the price of $1 there is a
   a. Shortage of 5  
   b. Neither a shortage nor a surplus  
   C. Shortage of 4  
   d. Surplus of 4

42. From Table 2.2 above, at the price of $2 there is a
   A. Shortage of  
   b. Neither a shortage nor a surplus  
   c. Shortage of 4  
   d. Surplus of
43. From Table 2.2 above, at the price of $3 there is a
   a. Shortage of
   B. Neither a shortage nor a surplus
   c. Shortage of 4
   d. Surplus of

44. From Table 2.2 above, at the price of $4 there is a
   a. Shortage of
   B. Surplus of
   c. Neither a shortage nor a surplus
   d. Surplus of 4

45. From Table 2.2 above, at the price of $5 there is a
   a. Shortage of 4
   b. Surplus of
   c. Neither a shortage nor a surplus
   D. Surplus of 4

46. The Law of Demand indicates that
   a. There is a negative relationship between quantity demanded and quantity supplied
   B. There is a negative relationship between quantity demanded and price
   c. There is a positive relationship between quantity demanded and quantity supplied
   d. There is a positive relationship between quantity demanded and price

47. The substitution effect suggests that
   a. When prices are higher your buying power is less so you buy less
   B. When prices are higher you buy less of what you originally wanted and use something else instead
   c. When prices are higher buy fewer because the marginal utility of a good is diminishing
   d. When prices are higher you buy more
48. The real balances effect suggests that
   A. When prices are higher your buying power is less so you buy less
   b. When prices are higher you buy less of what you originally wanted and use something else instead
   c. When prices are higher buy fewer because the marginal utility of a good is diminishing
   d. When prices are higher you buy more

49. The Law of Diminishing Marginal Utility suggests that
   a. When you consume more you are less happy
   b. When you consume more society is less well off
   C. The more you consume the less extra enjoyment you get out of each additional unit
   d. When prices are higher you buy more

50. The Law of Supply indicates that
   a. There is a negative relationship between quantity demanded and quantity supplied
   b. There is a negative relationship between quantity supplied and price
   c. There is a positive relationship between quantity demanded and quantity supplied
   D. There is a positive relationship between quantity supplied and price

51. The reason that the supply curve is upward sloping is
   a. Diminishing marginal costs
   b. Diminishing average costs
   C. Increasing marginal costs
   d. Increasing average costs

52. Which of the following will impact both supply and demand
   a. A change in price
   B. A change in expected future price
   c. A change in quantity
   d. A change in income
53. An increase in which of the following determinants of demand will have an ambiguous (uncertain) effect on price
   a. Taste  
   b. Price of a complement  
   C. Income  
   d. Price of a substitute

54. An increase in the income of consumers will cause the
   a. Supply of all goods to rise  
   b. Demand for all goods to rise  
   c. Supply of all goods to fall  
   D. The demand for some goods to rise and for others to fall

55. Which of the following is the best example of the concept of "inferior"?
   a. SUV’s  
   b. Coke and Pepsi  
   C. Ramen noodles  
   d. Hot Dogs and Hot Dog Buns

56. Which of the following is the best example of the concept of "normal"?
   A. SUV’s  
   b. Coke and Pepsi  
   c. Ramen noodles  
   d. Hot Dogs and Hot Dog Buns

57. Which of the following is the best example of the concept of "another potential output"?
   a. SUV’s  
   b. Ramen noodles  
   c. Coke and Pepsi  
   D. Corn and soybeans
58. Which of the following is the best example of the concept of "complement"?
   a. SUV's
   b. Coke and Pepsi
   c. Ramen noodles
   D. Hot Dogs and Hot Dog Buns

59. Which of the following goods are likely to be considered complements?
   a. Right and left shoes
   b. Coke and Pepsi
   c. Peanut butter and jelly
   D. A and C

60. Which of the following goods are likely to be considered complements?
   a. Sprite and 7-Up
   b. Gasoline and diesel fuel
   C. Peanut butter and jelly
   d. Coke and Pepsi

61. Which of the following is the best example of the concept of "substitute"?
   a. SUV's
   B. Coke and Pepsi
   c. Ramen noodles
   d. Hot Dogs and Hot Dog Buns

62. Which of the following goods are likely to be considered substitutes?
   a. Hot dogs and hot dog buns
   b. Gasoline and diesel fuel
   c. Peanut butter and jelly
   D. Coke and Pepsi
63. Which of the following goods should be clearly considered substitutes?
   a. Right and left shoes
   b. Gasoline and diesel fuel
   c. Peanut butter and jelly
   D. Coke and Pepsi

64. If technology increases then
   a. The demand curve will shift to the right
   b. The demand curve will shift to the left
   C. The supply curve will shift to the right
   d. The supply curve will shift to the left

65. If technology decreases then
   a. The demand curve will shift to the right
   b. The demand curve will shift to the left
   c. The supply curve will shift to the right
   D. The supply curve will shift to the left

66. If a good is normal and income decreases then
   a. The demand curve will shift to the right
   B. The demand curve will shift to the left
   c. The supply curve will shift to the right
   d. The supply curve will shift to the left

67. If a good is normal and income increases then
   A. The demand curve will shift to the right
   b. The demand curve will shift to the left
   c. The supply curve will shift to the right
   d. The supply curve will shift to the left
68. If a good is inferior and income increases then
   a. The demand curve will shift to the right
   B. The demand curve will shift to the left
   c. The supply curve will shift to the right
   d. The supply curve will shift to the left

69. If a good is inferior and income decreases then
   A. The demand curve will shift to the right
   b. The demand curve will shift to the left
   c. The supply curve will shift to the right
   d. The supply curve will shift to the left

70. If a firm has two production alternatives and the price of one decreases this will cause the other goods
   a. Demand curve to shift to the right
   B. Supply curve to shift to the right
   c. Demand curve to shift to the left
   d. Supply curve to shift to the left

71. If a firm has two production alternatives and the price of one increases this will cause the other goods
   a. Demand curve to shift to the right
   b. Supply curve to shift to the right
   c. Demand curve to shift to the left
   D. Supply curve to shift to the left

72. If the price of a good is expected to fall in the future its
   a. Demand curve will shift to the right
   b. Supply curve will shift to the right
   c. Demand curve will shift to the left
   D. B and C
73. If the price of a good is expected to rise in the future its
   a. Demand curve will shift to the right
   b. Supply curve will shift to the left
   c. Demand curve will shift to the left
   D. A and B

74. In the market for birth control devices, if the number of women of child-bearing age increases, the
   A. Demand curve will shift to the right
   b. Supply curve will shift to the right
   c. Demand curve will shift to the left
   d. Supply curve will shift to the left

75. In the market for birth control devices, if the number of women of child-bearing age decreases, the
   a. Demand curve will shift to the right
   b. Supply curve will shift to the right
   C. Demand curve will shift to the left
   d. Supply curve will shift to the left

76. If the price of inputs increases, the
   a. Demand curve will shift to the right
   b. Supply curve will shift to the right
   c. Demand curve will shift to the left
   D. Supply curve will shift to the left

77. If the price of inputs decreases, the
   a. Demand curve will shift to the right
   B. Supply curve will shift to the right
   c. Demand curve will shift to the left
   d. Supply curve will shift to the left
78. If the number of sellers increases, the
a. Demand curve will shift to the right
**B.** Supply curve will shift to the right
c. Demand curve will shift to the left
d. Supply curve will shift to the left

79. If the number of sellers decreases, the
a. Demand curve will shift to the right
b. Supply curve will shift to the right
c. Demand curve will shift to the left
**D.** Supply curve will shift to the left

80. If the taste for a good increases, the
**A.** Demand curve will shift to the right
b. Supply curve will shift to the right
c. Demand curve will shift to the left
d. Supply curve will shift to the left

81. If the taste for a good decreases, the
a. Demand curve will shift to the right
b. Supply curve will shift to the right
**C.** Demand curve will shift to the left
d. Supply curve will shift to the left

82. If two goods are considered complements and the price of one decreases then the other good's
**A.** Demand curve will shift to the right
b. Supply curve will shift to the right
c. Demand curve will shift to the left
d. Supply curve will shift to the left
83. If two goods are considered substitutes and the price of one decreases, the other good's
a. Demand curve will shift to the right
b. Supply curve will shift to the right
C. Demand curve will shift to the left
d. Supply curve will shift to the left

84. If two goods are considered complements and the price of one increases, the other good's
a. Demand curve will shift to the right
b. Supply curve will shift to the right
C. Demand curve will shift to the left
d. Supply curve will shift to the left

85. If two goods are considered substitutes and the price of one increases, the other good's
A. Demand curve will shift to the right
b. Supply curve will shift to the right
c. Demand curve will shift to the left
d. Supply curve will shift to the left

86. If demand increases and the price doesn't change, there will be a
a. Surplus
b. Both a shortage and a surplus
C. Shortage
d. Neither a shortage or a surplus

87. If supply increases and the price doesn't change, there will be a
A. Surplus
b. Both a shortage and a surplus
c. Shortage
d. Neither a shortage or a surplus
88. If demand decreases and the price doesn't change, there will be a
A. Surplus
b. Both a shortage and a surplus
c. Shortage
d. Neither a shortage or a surplus

89. If supply decreases and the price doesn't change, there will be a
a. Surplus
b. Both a shortage and a surplus
C. Shortage
d. Neither a shortage or a surplus

90. Which of the following is true?
a. The supply curve is downward sloping and demand curve is upward sloping
B. Demand is downward sloping and supply is upward sloping
c. Both the supply curve and the demand curve are downward sloping
d. Both the supply curve and the demand curve are upward sloping

91. On a supply and demand diagram
a. The horizontal axis is labeled price and the vertical axis is labeled quantity per unit time
B. The horizontal axis is labeled quantity per unit time and the vertical axis is labeled price
c. The horizontal axis is labeled supply and the vertical axis is labeled demand
d. The horizontal axis is labeled demand and the vertical axis is labeled supply
Use the following Figure 2.2 to answer questions 92-112:

92. Of the collection of supply and demand diagrams in Figure 2.2 above, which one(s) could show the result of an increase in income?
   a. Figure 1
   b. Figure 2
   c. Figure 3
   D. Figures 1 and 2
93. Of the collection of supply and demand diagrams in Figure 2.2 above, which one(s) could show the result of an decrease in income?
   a. Figure 1
   b. Figure 2
   c. Figure 3
   D. Figures 1 and 2

94. Of the collection of supply and demand diagrams in Figure 2.2 above which one shows the result of an increase in the taste for a good?
   A. Figure 1
   b. Figure 2
   c. Figure 3
   d. Figure 4

95. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in the taste for a good?
   a. Figure 1
   B. Figure 2
   c. Figure 3
   d. Figure 4

96. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in the price of a complement for a good?
   a. Figure 1
   B. Figure 2
   c. Figure 3
   d. Figure 4

97. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in the price of a complement for a good?
   A. Figure 1
   b. Figure 2
   c. Figure 3
   d. Figure 4
98. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in the price of a substitute for a good?
   A. Figure 1
   b. Figure 2
   c. Figure 3
   d. Figure 4

99. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in the price of a substitute for a good?
   a. Figure 1
   B. Figure 2
   c. Figure 3
   d. Figure 4

100. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in income if a good is considered normal?
    A. Figure 1
    b. Figure 2
    c. Figure 3
    d. Figure 4

101. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in income if a good is considered normal?
    a. Figure 1
    B. Figure 2
    c. Figure 3
    d. Figure 4

102. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in income if a good is considered inferior?
    A. Figure 1
    b. Figure 2
    c. Figure 3
    d. Figure 4
103. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in the population of the group of people likely to buy a good?
   A. Figure 1  
   b. Figure 2  
   c. Figure 3  
   d. Figure 4  

104. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in the population of the group of people likely to buy a good?
   a. Figure 1  
   B. Figure 2  
   c. Figure 3  
   d. Figure 4  

105. Of the collection of supply and demand diagrams in Figure 2.2 above which one shows the result of an increase in technology in the market for anything?
   a. Figure 1  
   b. Figure 2  
   C. Figure 3  
   d. Figure 4  

106. Of the collection of supply and demand diagrams in Figure 2.2 above which one shows the result of a decrease in technology in the market for anything?
   a. Figure 1  
   b. Figure 2  
   c. Figure 3  
   D. Figure 4  

107. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in the price of an input in the market for anything?
   a. Figure 1  
   b. Figure 2  
   c. Figure 3  
   D. Figure 4  

108. Of the collection of supply and demand diagrams above, which one shows the result of a decrease in the price of an input in the market for anything?
   a. Figure 1
   b. Figure 2
   C. Figure 3
   d. Figure 4

109. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of an increase in the number of sellers in the market for anything?
   a. Figure 1
   b. Figure 2
   C. Figure 3
   d. Figure 4

110. Of the collection of supply and demand diagrams in Figure 2.2 above, which one shows the result of a decrease in the number of sellers in the market for anything?
   a. Figure 1
   b. Figure 2
   c. Figure 3
   D. Figure 4

111. Of the collection of supply and demand diagrams in Figure 2.2 above which one(s) show the result of an increase in the expected future price?
   a. Figure 1
   b. Figure 4
   c. Figures 2 and 3
   D. Figures 1 and 4

112. Of the collection of supply and demand diagrams in Figure 2.2 above which one(s) show the result of a decrease in the expected future price?
   a. Figure 1
   b. Figure 4
   C. Figures 2 and 3
   d. Figures 1 and 4
113. If two goods can be made with essentially the same inputs, which one of the collection of supply and demand diagrams above shows the result of an increase in the price of one on the market for the other?
   a. Figure 1
   b. Figure 2
   c. Figure 3
   **D.** Figure 4

114. If two goods can be made with essentially the same inputs, which one of the collection of supply and demand diagrams above shows the result of a decrease in the price of one on the market for the other.
   a. Figure 1
   b. Figure 2
   **C.** Figure 3
   d. Figure 4

115. If the price of a bottle of orange juice in the downtown area is $0.50 per bottle and, at that price, each of the 10,000 people working in the downtown area wants to buy two bottles of orange juice per day, the quantity demanded in the downtown orange juice market would be
   a. 5,000 bottles per day
   b. 10,000 bottles per day
   c. 15,000 bottles per day
   **D.** 20,000 bottles per day

116. Market quantity demanded measures the amount of the product that people in the market want to buy
   a. If the government subsidizes their purchase
   b. If the sellers in the market force them to buy
   c. Per person
   **D.** Per unit time, such as a day or week
117. If the price of a bottle of orange juice in the downtown orange juice market is $0.50 per bottle, vendors will happily sell orange juice in the market only if their cost per bottle is
a. Subsidized by the government
b. Greater than $0.50
C. Less than $0.50
d. Zero

118. Where the supply and demand curves cross, the amount that consumers want to buy is
a. More than the amount they wanted to buy yesterday
b. More than the amount firms want to sell
C. Equal to the amount firms want to sell
d. Less than the amount firms want to sell

119. If the price is so low that vendors start to run out of bottled orange juice, they might ration their remaining inventory among willing buyers by
A. Raising the price per bottle
b. Lowering the price per bottle
c. Closing early
d. Creating a shortage

120. If the price is so high that vendors find too many unsold bottles remaining in inventory, they might dispose of their excess inventory by
a. Raising the price per bottle
B. Lowering the price per bottle
c. Closing early
d. Creating a surplus

121. The supply curve slopes upward because producers’ cost per unit eventually
a. Decreases as more units are sold
b. Remains unchanged as more units are sold
C. Increases as more units are sold
d. Will be subsidized by the government
122. During flu season, as people try to boost their immune system believing that orange juice might aid in keeping viruses at bay,
A. The taste for orange juice would rise
b. The taste for orange juice would fall
c. The taste for orange juice would remain unchanged
d. The price of orange juice would fall

123. If people consume fewer bottles of orange juice as their income rises, orange juice is
a. A necessity
b. An abnormal good
c. A normal good
D. An inferior good

124. Orange juice and grapefruit juice are likely to be
a. Complementary to one another
B. Substitutes for one another
c. Inferior goods
d. All of the above

125. When the expected future price of a good rises,
a. Sellers increase their willingness to sell
B. Consumers increase their willingness to buy, or "stock up"
c. Consumers decrease their willingness to buy, or "draw down"
d. Sellers' willingness to sell remains unchanged

126. Since teachers are an input in the production of education, when teacher salaries increase
A. The supply of education decreases
b. The supply of education increases
c. The demand for education decreases
d. The demand for teachers increases
127. Improvements in technology tend to
a. Increase supply
b. Lower the cost of producing a given output
c. Increase the output produced for a given cost
D. All of the above

128. In a market served by vendors who sell both orange juice and bottled water from their carts, an increase in the price of bottled water will tend to
a. Reduce the supply of bottled water
b. Increase the supply of bottled water
c. Reduce the supply of orange juice
d. Increase the supply of orange juice

129. If farmers expect the government to increase subsidies on corn grown next year for ethanol production, we should not be surprised to observe
a. A decrease in corn production
b. A decrease in ethanol production
c. A decrease in wheat production
d. All of the above