

Review for Demand - Test



Multiple Choice

1. States that as **more units of a product are consumed, the utility received from consuming each additional unit declines.**
a. determinants of demand b. elasticity of demand c. demand d. law of diminishing marginal utility e. utility
2. **Amount of a good or service a consumer is willing and able to buy at various prices during a given time period.**
a. determinants of demand b. elasticity of demand c. demand d. law of diminishing marginal utility e. utility
3. **Non price factors that affect demand and shift the demand curve to the right or left.**
a. determinants of demand b. elasticity of demand c. demand d. law of diminishing marginal utility e. utility
4. In economic terms, the **amount of satisfaction that an individual receives from consuming a product.**
a. determinants of demand b. elasticity of demand c. demand d. law of diminishing marginal utility e. utility
5. **Degree to which changes in a good's price affect the quantity demanded by consumers.**
a. determinants of demand b. elasticity of demand c. demand d. law of diminishing marginal utility e. utility
6. **Tendency of consumers to substitute a lower-priced product for a relatively more expensive product.**
a. demand curve b. demand schedule c. substitution effect d. income effect e. law of demand
7. States that **demand varies inversely with price.**
a. law of demand b. substitution effect c. demand schedule d. income effect e. demand curve
8. **Increase or decrease in purchasing power caused by changes in price.**
a. demand curve b. substitution effect c. demand schedule d. income effect e. law of demand
9. **Table that lists the quantity of goods that consumers are willing and able to buy at various prices.**
a. demand curve b. substitution effect c. demand schedule d. income effect e. law of demand
10. **Graph plotting the information from a demand schedule.**
a. substitution effect b. demand curve c. demand schedule d. income effect e. law of demand
11. Goods that are tend to be "**purchased together**" are:
a. elastic demand b. market size c. inelastic demand d. complementary goods e. substitute goods
12. "**Competing goods**" are called:
a. elastic demand b. market size c. complementary goods d. inelastic demand e. substitute goods
13. The **number of potential buyers** that might demand a particular product.
a. elastic demand b. market size c. complementary goods d. inelastic demand e. substitute goods
14. Exists when a **small increase in a good's price causes a major decrease in QD.**
a. market size b. elastic demand c. complementary goods d. inelastic demand e. substitute goods
15. Exists when a **change in a good's price has little impact on quantity demanded.**
a. inelastic demand b. market size c. complementary goods d. elastic demand e. substitute goods
16. The related goods of **peanut butter and jelly** are classified as:
a. independent goods b. complementary goods c. substitute goods

17. Many **consumers will continue to buy about the same amount of home heating oil** even if the price increases. In economic terms, this represents:
a. flexible demand b. inelastic demand c. elastic demand
18. **Items that are not necessities** or for which there are **many substitutes** are said to have:
a. elastic demand b. inelastic demand c. reverse demand
19. An **inelastic demand curve** is:
a. circular b. almost vertical c. almost horizontal
20. **Substitute goods and complementary goods** are known as:
a. elastic goods b. inelastic goods c. related goods d. proportional goods
21. **Demand schedules and demand curves** show that the relationship between price & demand is:
a. direct b. parallel c. independent d. inverse(opposite)
22. **Non-brand name products that sell for about 40% less but can take the place of another good** are:
a. utility b. marginal c. generic d. substitution
23. An example of **inelastic demand** would be a(n):
a. old car b. cream puffs c. insulin d. pear
24. The demand for **"necessities"** like electricity tend to be:
a. inelastic b. elastic c. neither
25. An example of **complementary goods** would be
a. butter & margarine b. sugar & saccharin c. Chevy & Ford d. shirts & ties
26. An example of **substitute goods** would be:
a. camera & film b. ham & eggs c. Furbys and Tickle me Elmos d. bread & water
27. An example of **elastic demand** would be:
a. bread b. new car c. salt d. electricity
28. A gallon of **paint and a paint brush** would be examples of:
a. independent goods b. complementary goods c. substitute goods
29. Goods that **"go together"** are called
a. independent goods b. complementary goods c. substitute goods
30. An increase in the price of **Apple's iPod** will cause the demand for **Microsoft's Zune** to:
a. decrease b. increase c. stay the same
31. As the **price of a product increases**, the **demand for lower-priced substitutes**:
a. decrease b. increase c. stay the same
32. Under normal circumstances, when the **price of steak decreases**, the **demand for chicken**:
a. increases b. decreases c. stay the same
33. As **utility declines**, **demand** for the product:
a. decreases b. increases c. stays the same

34. As the **price of cars decrease**, the **demand for gasoline**:
- a. decreases b. increases c. stays the same
35. **Goods that can be used to replace purchases of other goods** are
- a. independent goods b. complementary goods c. substitute goods
36. If **many substitutes are available**, a product would tend to be:
- a. inelastic b. elastic c. inexact
37. A **decrease in the price of DVD Players** will cause the demand for DVDs to:
- a. decrease b. increase c. stay the same
38. An increase in the price of **Dell Computers** will cause the demand for **H-P Computers** to:
- a. decrease b. increase c. stay the same
39. An **increase in consumer income** will cause the **demand for spam** (inferior good) to:
- a. increase b. stay the same c. decrease
40. An **increase in the price of fishhooks** will cause the demand for **pantyhose** to:
- a. increase b. stay the same c. decrease
41. If **consumer incomes decrease**, in **what direction will demand for sirloin steak shift**?
- a. to the left b. to the right c. no shift
42. Which of the following will cause an **"Increase in QD" for Play Station 3s**?
- a. decrease in incomes b. decrease in price of PS3s c. increase in incomes d. increase in price of PS3s
43. Which of the following will cause an **"Increase in Demand" for iPods**?
- a. decrease in price of iPods b. decrease in incomes c. increase in incomes d. increase in price of iPods
44. Which of the following will cause a **"Decrease in QD" for iPods**?
- a. increase in price of iPods b. decrease in price of iPods c. decrease in # of consumers(marketsize)
45. Which of the following will cause a **"Decrease in Demand" for iPods**?
- a. increase in price of iPods b. decrease in price of iPods c. decrease in # of consumers(market size)
46. Which of the following will **not cause the "Demand for Snickers" to change(shift)**?
- a. a change in the price of Milky Ways(close sub) c. an increase in consumer incomes
 - b. a change in the price of Snickers d. a decrease in consumer incomes
47. Which of the following would **not shift the demand curve for beef**?
- a. a widely-publicized study which indicates beef increases one's cholesterol
 - b. a reduction in the price of beef
 - c. an effective advertising campaign by pork producers
 - d. a change in the incomes of beef consumers
48. An **"increase in the QD(quantity demanded)"** means that:
- a. given supply, the price of the product can be expected to decline.
 - b. price has declined and consumers therefore want to purchase more of the product.
 - c. the demand curve has shifted to the right.
49. In **moving along a stable demand curve**, which of the following is **not held constant**?
- a. the price of the product for which the demand curve is relevant.
 - b. price expectations
 - c. consumer incomes.
50. So far, **my favorite class this semester** has been(not even close here):
- a. any math course b. any science course c. **Economics** d. any other course

Test 2 Key

Demand

[50+]

1. D
2. C
3. A
4. E
5. B
6. C
7. A
8. D
9. C
10. B
11. D
12. E
13. B
14. B
15. A
16. B
17. B
18. A
19. B
20. C
21. D
22. C
23. C
24. A
25. D
26. C
27. B
28. B
29. B
30. B
31. B
32. B
33. A
34. B
35. C
36. B
37. B
38. B
39. C
40. B
41. A
42. B
43. C
44. A
45. C
46. B
47. B
48. B
49. A
50. C