ECON 101
QUIZ 2

Note: ALL VERSIONS OF THE QUIZ ARE ON THIS PAGE, IN NUMERICAL ORDER.

Economics 101
Quiz 2 – Supply & Demand
Version 1 - Yellow

Instructions: Answer each of the **six** questions. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the top box blank (or inserting a dash there) and filling in the "0" bubble in the top row.

There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
   a. Version 1 – Yellow
   b. Version 2 – Purple
   c. Version 3 – Green

2. Decreases in the **demand** for a good can occur when
   a. the price of the good falls, ceteris paribus
   b. incomes of demanders fall and the good is normal
   c. new firms enter the market because they see profits being earned
   d. the price of a substitute good rises
   e. the price of the good rises, ceteris paribus

3. A survey indicated that chocolate ice cream is America's favorite ice-cream flavor. Now, a severe drought in the Midwest causes dairy farmers to reduce the number of milk-producing cattle in their herds by a third. Which of the following will directly result from the drought?
   a. The demand for chocolate ice cream will decrease.
   b. The demand for chocolate ice cream will increase.
   c. The supply of chocolate ice cream will increase.
   d. The supply of chocolate ice cream will decrease.

4. The price of paprika increases and people buy less cumin. You infer that paprika and cumin are ______________.
   a. normal goods
   b. complements
   c. substitutes
   d. inferior goods

5. If the price of an iphone is above the equilibrium price, there will be a _____ of iphones and the price will ____
   a. surplus; fall
   b. shortage; fall
   c. shortage; rise
   d. surplus; rise

6. Peanut butter and jelly are complements. A rise in the price of peanut butter will ____________the demand for jelly and the equilibrium quantity of jelly will _______________.
   a. increase; increase
   b. increase; decrease
   c. decrease; decrease
   d. decrease; increase

Economics 101
Quiz 2 – Supply & Demand
Version 2 – Purple

Instructions: Answer each of the **six** questions. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the top box blank (or inserting a dash there) and filling in the "0" bubble in the top row.

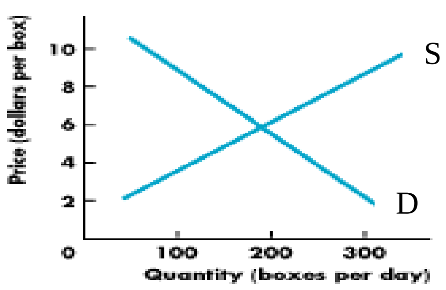
There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
   a. Version 1 – Yellow
   b. Version 2 – Purple
   c. Version 3 – Green

2. A bus pass is an inferior good. If people's incomes increase but other things remain the same, you predict that the
   a. Supply for bus passes will increase and the price will rise.
   b. Supply for bus passes will increase and the price will fall.
   c. demand for bus passes will decrease and the price will rise.
   d. demand for bus passes will decrease and the price will fall.

3. A new study by the American Medical Association reports that chocolate has significant health benefits. Which of the following will occur?
   a. Demand for pretzels, a chocolate complement, will increase
   b. Supply for chocolate will increase
   c. Demand for caramel, a chocolate substitute, will increase
   d. Quantity demanded of chocolate will increase

4. If the price of ipads decreases, the demand for kindles (a substitute for ipads) will _________________________ and the equilibrium quantity of kindles will ___________________.
   a. increase; decrease
   b. decrease; increase
   c. decrease; decrease
   d. increase; increase



5. The figure illustrates the market for Cheerios. At $4 a box, there is a
   a. Surplus of Cheerios and the price will rise.
   b. Shortage of Cheerios and the price will fall.
   c. Shortage of Cheerios and the price will rise.
   d. Surplus of Cheerios and the price will fall.

6. Decreases in the **supply** of a good can occur when
   a. the price of the good rises, ceteris paribus
   b. changes in technology make production cheaper
   c. firms exit the market because they are losing money
   d. consumer incomes increase

Economics 101
Quiz 2 – Supply & Demand
Version 3 – Green

Instructions: Answer each of the **six** questions. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the top box blank (or inserting a dash there) and filling in the "0" bubble in the top row.

There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
   a. Version 1 – Yellow
   b. Version 2 – Purple
   c. Version 3 – Green

2. Suppose that when the price of lobster increases, the demand for steak increases. This indicates that these two goods are:
   a. unrelated goods.
   b. inferior goods.
   c. substitute goods.
   d. complement goods.

3. Idaho farmers have had a poor farming season and reduced their output of potatoes by a half. This has caused the price of French fries to skyrocket in Bozeman. Which of the following is the most likely byproduct of the potato shortage?
   a. Increase in the demand for ketchup, a complement of French fries.
   b. Decrease in the demand for hamburgers, a complement of French friends.
   c. Decrease in the demand for tortilla chips, a substitute for French fries.
   d. Increase in incomes due to the increased price of French fries.

4. If the supply of laptops decreases, the equilibrium price will ________________________ and the equilibrium quantity will __________________.
   a. decrease; increase
   b. decrease; decrease
   c. increase; increase
   d. increase; decrease

5. Ceteris paribus, the **supply** of cars will decrease if any of the following occur **except**
   a. a decrease in the number of car producers.
   b. a decrease in the price of cars
   c. an increase in the wages of car assembly line laborers
   d. an increase in the price of steel, an input for cars.

6. You observe that the price of beef has decreased and the quantity has also decreased. Ceteris paribus, this could result from
   a. A decrease in the demand for beef.
   b. An increase in the supply of beef.
   c. A decrease in the supply of beef.
   d. An increase in the demand for beef.