1. Which of the following would necessarily cause a fall in the price of a product?
A. an increase in population and a decrease in the price of an input
B. an increase in population and a decrease in the number of firms producing the product
C. an increase in average income and an improvement in production technology
D. a decrease in the price of a substitute product and an improvement in production technology
E. A decrease in the price of a substitute product and an increase in the price of an input

2. Suppose that a family buys all its clothing from a discount store and treats these items as inferior goods. Under such circumstances, this family's consumption of discount store clothing will necessarily:
A. increase when a family member wins the state lottery
B. increase when a family member gets a raise in pay at work
C. remain unchanged when its income rises or falls due to events beyond the family's control
D. decrease when a family member becomes unemployed
E. decrease when a family member experiences an increase in income

3. A leftward shift in the supply curve of corn would result from:
A. a decrease in the price of corn
B. a decrease in the price of farm machinery
C. an increase in the demand for corn bread
D. an increase in the labor costs of producing corn
E. an increase in consumers' incomes

4. The demand curve for cars is downward sloping because an increase in the price of cars leads to:
A. the increased use of other modes of transportation
B. a fall in the expected future price of cars
C. a decrease in the number of cars available for purchase
D. a rise in the prices of gasoline and other oil-based products
E. a change in consumers' tastes in cars

5. If an increase in the price of good X causes a drop in demand for good Y, good Y is:
A. an inferior good
B. a luxury good
C. a necessary good
D. a substitute for good X
E. a complement to good X

6. If QD = quantity demanded and QS = quantity supplied. At a particular price, an excess supply in the market would result when;
A. QS is greater than QD  B. QS equals QDC. QS is unequal to QD  D. QD is greater than QS

7. If the demand curve for product G is downward sloping. This means that an increase in the price of G will result in:
A. an increase in the demand for G.
B. a larger quantity demanded for G
C. no change in the quantity demand for G
D. a smaller quantity demanded for G
8. If a one-of-kind Etruscan vase is offered for sale at an auction, which, if any, of the following correctly shows the supply curve for the vase?

- [ ] A
- [x] B
- [ ] C
- [ ] D
- [ ] E

**Supply**

PRICE

**Demand**

QUANTITY OF COMPUTERS

9. The graph above shows the supply and demand curves for a particular brand of computers. In 1988, 10,000 computers were sold for $1,000 each, but in 1989, 9,000 computers were sold for $1,000 each. Which of the following changes in the supply and demand curves could most likely have caused this change?

<table>
<thead>
<tr>
<th>DEMAND CURVE</th>
<th>SUPPLY CURVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. shift right</td>
<td>shift right</td>
</tr>
<tr>
<td>B. shift right</td>
<td>shift left</td>
</tr>
<tr>
<td>C. no change</td>
<td>shift left</td>
</tr>
<tr>
<td>D. shift left</td>
<td>shift left</td>
</tr>
<tr>
<td>E. shift left</td>
<td>no change</td>
</tr>
</tbody>
</table>

It is impossible to determine the shape of the supply curve from the given information.
1. d
d
2. e
e
3. d
d
4. a
a
5. e
e
6. a
a
7. d
d
8. a
a
9. d
a