NAME ________________ CLASS ________________ DATE ________

Section 1: Quiz

Combining Supply and Demand

A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I	Column II
____ 1. point at which supply and demand come together	a. price ceiling
____ 2. when quantity supplied is not equal to quantity demanded	b. excess demand
____ 3. when quantity demanded is more than quantity supplied	c. equilibrium
____ 4. legal maximum that can be charged for a good	d. disequilibrium

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 5. When the quantity supplied is greater than the quantity demanded, what is the condition known as?
a. abundant supply
b. disequilibrium
c. excess availability
d. excess supply

____ 6. What is the government-controlled price ceiling on apartment prices called?
a. floor pricing
b. rent control
c. equilibrium level
d. rent monitoring

____ 7. When the government sets a price floor on earnings, it is called which of the following?
a. market equilibrium rate
b. base-level wage
c. minimum wage
d. employment guarantee

____ 8. Until 1996, the United States used price supports in agriculture by doing what to create demand?
a. setting legal price floors
b. buying excess crops
c. setting legal price ceilings
d. raising prices

____ 9. What happens when any market is in disequilibrium and prices are flexible?
a. Market forces push toward equilibrium.
b. Sellers waste their resources.
c. Excess demand is created.
d. Unsold perishable goods are thrown out.

____ 10. Why does a government place price ceilings on some "essential" goods?
a. to prevent inflation during boom times
b. to keep business people from making large profits
c. to keep the goods from becoming too expensive
d. to reduce demand for these goods

1-c, 2-d, 3-b, 4-a, 5-d, 6-b, 7-c, 8-b, 9-a, 10-c

NAME ________________ CLASS ________________ DATE ________________

Section 2: Quiz

Changes in Market Equilibrium

A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

____ 1. when quantity supplied exceeds quantity demanded at a certain price

____ 2. when quantity demanded exceeds quantity supplied at a certain price

____ 3. the financial and opportunity costs consumers pay in looking for a good or service

____ 4. a product that reflects the impact of advertising and consumer taste on consumer behavior

Column II

a. shortage
b. fad
c. search costs
d. surplus

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 5. How does a firm generally respond to a higher demand for its goods?
a. It rations goods.
b. It raises prices.
c. It cuts prices.
d. There is no set response to this situation.

____ 6. How do falling prices affect supply?
a. The supply curve moves to the left.
b. The supply curve moves to the right.
c. The quantity demanded rises.
d. The quantity supplied rises.

____ 7. Advances in production, such as new technology, can do which of the following to a good?
a. transform it from an expensive luxury to a mid-priced good
b. change it from a necessity to an expensive nonessential
c. raise the price as more features become available
d. make the production so simple that it becomes unnecessary

____ 8. What happens first when the demand for a fad peaks and falls?
a. The quantity supplied goes down, and the price goes up.
b. The quantity supplied and the price both go up.
c. The price goes down, and the quantity supplied goes up.
d. Excess supply makes the good easy to obtain.

____ 9. Which of the following is an example of search costs?
a. paying a premium cost for goods
b. buying goods in some special way that is outside the normal channels
c. driving to a faraway place to find available goods
d. selling extra goods for a discount price

____ 10. Equilibrium in a market means which of the following?
a. the point at which quantity supplied and quantity demanded are the same
b. the point at which unsold goods begin to pile up
c. the point at which suppliers begin to reduce prices
d. the point at which prices fall below the cost of production

1-d, 2-a, 3-c, 4-b, 5-b, 6-c, 7-a, 8-d, 9-c, 10-c

NAME ______________________ CLASS ______________ DATE ______________

Section 3: Quiz

The Role of Prices

A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

____ 1. a situation in which resources are distributed according to price

____ 2. a sudden shortage of a good

____ 3. dividing up goods and services without regard to price

____ 4. business conducted without regard for government controls

Column II

a. rationing

b. black market

c. supply shock

d. free market

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 5. What are spillover costs?
- a. production costs paid by the general public
- b. extra distribution costs paid by the manufacturer
- c. distribution costs paid by the middle person
- d. regular rises in price absorbed by the market

____ 6. What is the main principle of Adam Smith's *The Wealth of Nations*?
- a. Profits are in what people need rather than what they want.
- b. Business prospers by finding out what people want and providing it.
- c. Although goods are inexpensive, people do not always get what they need.
- d. A price-based system sets some goods, such as food or housing, out of the reach of some people.

____ 7. Why did the United States use rationing during World War II?
- a. to limit production to a few varieties of each product
- b. to create a society in which each person had an equal chance
- c. because the needs of the armed forces created tremendous shortages
- d. because it wanted to override the existing black market in goods

____ 8. What prompts efficient resource allocation in a well-functioning market system?
- a. business operating for a profit
- b. government regulation
- c. the need for fair allocation of resources
- d. the need to buy goods regardless of price

____ 9. How do price changes affect equilibrium?
- a. by assisting the centrally planned economy
- b. by serving as a tool for distributing goods and services
- c. by limiting the market to people who have the most money
- d. by preventing inflation or deflation from affecting the supply of goods

____ 10. Why did the former Soviet Union use a command economic system instead of one based on price?
- a. It had major shortages of many goods and services.
- b. It wanted goods and services to be less important than they are in a price-based system.
- c. It hoped to overcome the advantages of a black market.
- d. It hoped to create a society in which everyone had the same chance.

1-d, 2-c, 3a, 4-b, 5-a, 6-b, 7-c, 8-a, 9-b, 10-d