

Quiz: Supply and Demand: It's the Law

Question 1a of 10 (1 Supply and demand 220857)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following best explains the purpose of a supply schedule?

Choice	Feedback
A. To calculate how much time it takes for distribution.	
B. To demonstrate how the supply decreases as price increases.	
C. To show the relationship between quantity supplied and prices.	Correct! A supply schedule shows how much of something producers are willing to supply at a given price.
D. To indicate how supply and demand relate to price.	

Global Incorrect Feedback
 The correct answer is: To show the relationship between quantity supplied and prices. A supply schedule shows how much of something producers are willing to supply at a given price.

Question 1b of 10 (1 Supply and demand 220858)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following best explains the purpose of a supply curve?

Choice	Feedback
A. To indicate how much profit producers make from each level of supply.	
B. To graph the relationship between quantity supplied and price charged.	Correct! A supply curve graphically demonstrates the different levels that producers are willing to supply at various prices.
C. To show when the amount supplied intersects with the amount demanded.	
D. To track the progress of production from raw materials to finished product.	

Global Incorrect Feedback
 The correct answer is: To graph the relationship between quantity supplied and price charged. A supply curve graphically demonstrates the different levels that producers are willing to supply at various prices.

Question 1c of 10 (1 Supply and demand 220859)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following best explains the purpose of a demand schedule

Choice	Feedback
A. To show the level of demand at various prices.	Correct! A demand schedule shows how much of something consumers will want at various prices.
B. To demonstrate how supply affects demand.	
C. To indicate how supply and demand relate to price.	
D. To calculate how much of a good consumers will use.	

Global Incorrect Feedback
 The correct answer is: To show the level of demand at various prices. A demand schedule shows how much of something consumers will want at various prices.

Question 2a of 10 (2 Supply and demand 220860)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following most accurately describes how the equilibrium price of a good or service can be determined?

Choice	Feedback
A. By taking the opposite of the columns in a supply schedule and a demand schedule.	
B. By finding where the supply curve and the demand curve intersect.	Correct! The equilibrium price is the price at which quantity supplied equals quantity demanded.
C. By moving the supply curve right or left until it matches the demand curve.	
D. By doing market research to determine the maximum price consumers will pay.	

Global Incorrect Feedback
 The correct answer is: By finding where the supply curve and the demand curve intersect. The equilibrium price is the price at which quantity supplied equals quantity demanded.

Question 2b of 10 (2 Supply and demand 220861)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: The equilibrium price is located at which of the following points?

Choice	Feedback
A. Where the supply and demand curves intersect.	The equilibrium price is the price at which quantity supplied equals quantity demanded.
B. Where the supply curve is at its lowest.	
C. Where the demand curve reaches its peak.	
D. Where the production possibilities frontier is furthest to the right.	

Global Incorrect Feedback
 The correct answer is: Where the supply and demand curves intersect. The equilibrium price is the price at which quantity supplied equals quantity demanded.

Question 2c of 10 (2 Supply and demand 220862)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following explains the factors responsible for setting prices in a free-market system?

Choice	Feedback
A. The balance of costs and benefits.	
B. Revenue minus costs.	
C. The amount of scarcity.	
D. Supply relative to demand.	Correct! Price is determined by how much of a good or service is produced relative to how badly consumers want it.

Global Incorrect Feedback
 The correct answer is: Supply relative to demand. Price is determined by how much of a good or service is produced relative to how badly consumers want it.

Question 3a of 10 (3 Supply and demand 220864)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which a shortage occurs?

Choice	Feedback
A. Consumers want more video-game systems than the company can make.	Correct! A shortage occurs when demand exceeds supply.
B. There is inefficiency in the productive process used to make cell phones.	
C. A computer company tries to charge too high a price for a new laptop computer.	
D. A clothing store puts sweaters on sale to get rid of them before the end of winter.	

Global Incorrect Feedback
 The correct answer is: Consumers want more video game systems than the company can make. A shortage occurs when demand exceed supply.

Question 3b of 10 (3 Supply and demand 220865)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which a surplus occurs?

Choice	Feedback
A. A car company tries to charge too high a price for a new model of minivan.	
B. A cell phone company cuts its rates to attract new customers.	
C. A publisher has printed more copies of a book than people want to read.	Correct! A surplus occurs when supply exceeds demand.
D. A clothing store puts bathing suits on sale to get rid of them before the end of summer.	

Global Incorrect Feedback
 The correct answer is: A publisher has printed more copies of a book than people want to read. A surplus occurs when supply exceeds demand.

Question 3c of 10 (3 Supply and demand 220866)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation of scarcity?

Choice	Feedback
A. A person lets the kids in the neighborhood use his pool.	
B. Someone distributes free bottles of water at the beach.	
C. Someone offers free advice about getting into college.	
D. A child charges friends for a ride on his new bike.	Correct! Anything with a price is assumed to be scarce.

Global Incorrect Feedback
 The correct answer is: A child charges friends or a ride on his new bike. Anything with a price is assumed to be scarce.

Question 4a of 10 (3 Supply and demand 220867)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which the price of a good would rise?

Choice	Feedback
A. A new technology allows producers to increase supply very quickly.	
B. Scarce natural resources make it more difficult for producers to keep up with demand.	Correct! When supply decreases relative to demand, prices rise.
C. Production is increased in order to catch up with a sudden rise in demand.	
D. Consumers start using less of a good because more substitutes are available.	

Global Incorrect Feedback
 The correct answer is: Scarce natural resources make it more difficult for producers to keep up with demand. When supply decreases relative to demand, prices rise.

Question 4b of 10 (3 Supply and demand 220868)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which the price of a good would rise?

Choice	Feedback
A. Consumers start using less of a good because more substitutes are available.	
B. A new technology allows producers to increase supply very quickly.	
C. Production is increased in order to catch up with a sudden rise in demand.	
D. Producers cannot make enough of a good when that good becomes popular suddenly.	Correct! When demand increases relative to supply, prices rise.

Global Incorrect Feedback
 The correct answer is: Producers cannot make enough of a good when that good becomes popular suddenly. When demand increases relative to supply, prices rise.

Question 4c of 10 (3 Supply and demand 220869)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which the price of a good would fall?

Choice	Feedback
A. A new technology allows producers to increase supply very quickly.	Correct! When supply increases relative to demand, prices fall.
B. Scarce natural resources make it more difficult for producers to keep up with demand.	
C. Production is increased in order to catch up with a sudden rise in demand.	
D. Producers cannot make enough of a good when that good becomes popular suddenly.	

Global Incorrect Feedback
 The correct answer is: A new technology allows producers to increase supply very quickly. When supply increases relative to demand, prices fall.

Question 5a of 10 (2 Factors of production 220870)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following are necessary for production to take place?

Choice	Feedback
A. Advertising to create demand.	
B. The input of land, labor, and capital.	Correct! Land, labor, and capital are the actors of production necessary for anything to be made.
C. Market research to determine the level of demand.	
D. The creation of shipping networks to distribute goods.	

Global Incorrect Feedback
 The correct answer is: The input of land, labor, and capital. Land, labor, and capital are the actors of production necessary for anything to be made.

Question 5b of 10 (2 Factors of production 220871)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following is a characteristic of the factors of production?

Choice	Feedback
A. Scarcity	Correct! Land, labor, and capital are scarce, which is why allocation decisions need to be made.
B. Elasticity	
C. Non-excludability	
D. Shortage	

Global Incorrect Feedback
 The correct answer is: Scarcity. Land, labor, and capital are scarce, which is why allocation decisions need to be made.

Question 5c of 10 (2 Factors of production 220872)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following best describes what production accomplishes

Choice	Feedback
A. An increase in supply that lowers prices.	
B. A reduction in the size of the labor force.	
C. Value added to resources that already exist.	Producers take resources and change them so that they have more value.
D. Efficient use of natural resources.	

Global Incorrect Feedback
 The correct answer is: Value added to resources that already exist. Producers take resources and change them so that they have more value.

Question 6a of 10 (2 Utility 220873)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Opportunity cost is calculated by which of the following?

Choice	Feedback
A. Finding the value of the best option that is not chosen.	Correct! Opportunity cost is what you give up by not taking the choice that is second best.
B. Calculating the cost of time, energy, and sacrifice.	
C. Subtracting all costs from the total benefit.	
D. Adding the value of all lost opportunities.	

Global Incorrect Feedback
 The correct answer is: Finding the value of the best option that is not chosen. Opportunity cost is what you give up by not taking the choice that is second best.

Question 6b of 10 (2 Utility 220874)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: The optimal use of a resource takes place when which of the following happens?

Choice	Feedback
A. There is a decrease in the marginal utility of a decision.	
B. The supply and demand curves never intersect.	
C. The opportunity cost is greater than the actual cost.	
D. The benefit is greater than the opportunity cost.	Correct! When a resource is being put to its optimal use, there is no way to get a greater benefit out of it.

Global Incorrect Feedback
 The correct answer is: The benefit is greater than the opportunity cost. When a resource is being put to its optimal use, there is no way to get a greater benefit out of it.

Question 6c of 10 (2 Utility 220875)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: When the benefit of one particular use of a resource is greater than the opportunity cost, then that resource is which of the following?

Choice	Feedback
A. Not scarce	
B. Being used efficiently	Correct! When a resource is being put to its optimal use, there is no way to get a greater benefit out of it.
C. A non-excludable	
D. Normal-goods	

Global Incorrect Feedback
 The correct answer is: Being used efficiently. When a resource is being put to its optimal use, there is no way to get a greater benefit out of it.

Question 7a of 10 (3 Utility 220876)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which there would be decreasing marginal utility?

Choice	Feedback
A. Buying normal goods as substitutes for inferior goods.	
B. Buying luxury items that you cannot afford.	
C. Buying food in bulk to save money in the long run.	
D. Buying a new car when you already have two cars.	Correct! The utility of a car decreases with the addition of each new one.

Global Incorrect Feedback
 The correct answer is: Buying a new car when you already have two cars. The utility of a car decreases with the addition of each new one.

Question 7b of 10 (3 Utility 220877)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which there would be decreasing marginal utility?

Choice	Feedback
A. Reducing consumption to save natural resources.	
B. Wearing used clothes instead of buying new clothes.	
C. Ordering a second dessert when you're already full.	Correct! Eating more food decreases in utility as you get more full.
D. Buying a car to substitute for riding the bus.	

Global Incorrect Feedback
 The correct answer is: Ordering a second dessert when you're already full. Eating more food decreases in utility as you get more full.

Question 7c of 10 (3 Utility 220878)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following describes a situation in which there would be decreasing marginal utility?

Choice	Feedback
A. Buying a second winter coat.	Correct! The utility of a new winter coat is decreased if you already have one.
B. Buying only necessities.	
C. Buying a car to substitute for riding the bus.	
D. Buying food in bulk to save money in the long run.	

Global Incorrect Feedback
 The correct answer is: Buying a second winter coat. The utility of a new winter coat is increased if you already have one.

Question 8a of 10 (1 Types of goods 220892)

Maximum Attempts: 1
Question Type: True/False
Maximum Score: 2
Case Sensitive: false
Correct Answer: normal
Question: When people buy more of a certain good as they get more money, this good is considered _____.

Attempt Incorrect Feedback

1st Correct Feedback

Correct! Normal goods are those that people demand more of as their income increases.

Global Incorrect Feedback

The correct answer is: normal. Normal goods are those that people demand more of as their income increases.

Question 8b of 10 (1 Types of goods 220893)

Maximum Attempts: 1
Question Type: Text Fill In Blank
Maximum Score: 2
Case Sensitive: false
Correct Answer: inferior
Question: When people buy less of a certain good as their income increases, this good is considered _____.

Attempt Incorrect Feedback

1st Correct Feedback

Correct! Inferior goods have substitutes that people turn to as they get more money.

Global Incorrect Feedback

The correct answer is: inferior. Inferior goods have substitutes that people turn to as they get more money.

Question 8c of 10 (1 Types of goods 220894)

Maximum Attempts: 1
Question Type: Text Fill In Blank
Maximum Score: 2
Case Sensitive: false
Correct Answer: inferior
Question: When consumers get more money, they tend to substitute normal goods for _____ goods.

Attempt Incorrect Feedback

1st Correct Feedback

Correct! Inferior goods have substitutes that people turn to as they get more money.

Global Incorrect Feedback

The correct answer is: inferior. Inferior goods have substitutes that people turn to as they get more money.

Question 9a of 10 (3 Types of goods 220882)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following is the best example of substitution?

Choice	Feedback
A. People walk out before the end of a movie because the actors and the plot are terrible.	
B. Movie producers begin making more comedies because they cost less to make than action films.	
C. More people begin going to matinee movies instead of night movies to save money on the tickets.	
D. People at the movie theater switch from popcorn to candy because popcorn has gotten too expensive.	Correct! Substitution occurs when people switch from one good to another, usually because the price has changed.

Global Incorrect Feedback
 The correct answer is: People at the movie theater switch from popcorn to candy because popcorn has gotten too expensive. Substitution occurs when people switch from one good to another, usually because the price has changed.

Question 9b of 10 (3 Types of goods 220883)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following is the best example of a divisible good?

Choice	Feedback
A. Potatoes	Correct! Goods are fungible whenever one unit is as good as any other.
B. Shoes	
C. Bricks	
D. Movies	

Global Incorrect Feedback
 The correct answer is: potatoes. Goods are fungible whenever one unit is as good as any other.

Question 9c of 10 (3 Types of goods 220884)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following is the best example of elastic demand?

Choice	Feedback
A. People buy gas for their cars no matter what it costs.	
B. People take fewer vacations as air fare gets higher.	Correct! Demand is elastic when demand falls with price.
C. Producers purchase natural resources to make goods.	
D. Producers ignore budget constraints to make higher profit.	

Global Incorrect Feedback
 The correct answer is: People take fewer vacations as air fare gets higher. Demand is elastic when demand falls with price.

Question 10a of 10 (2 Types of goods 220886)

Maximum Attempts: 1
Question Type: Multiple Choice
Maximum Score: 2
Question: Which of the following is a trait shared by all individual goods?

Choice	Feedback
A. Excludability	Correct! Individual goods are those that an individual can enjoy to the exclusion of everyone else.