Directions: Place all answers in the space provided at end of quiz. No credit will be given for answers recorded elsewhere.

1) The "law of demand" refers to the fact that, all other things remaining constant on the demand side of the market, when the price of a good rises
   A) there will be a movement up along the demand curve to a smaller quantity demanded.
   B) there will be a movement down along the demand curve to a larger quantity demanded.
   C) the demand curve will shift rightward.
   D) the demand curve will shift leftward.

2) Changes in which of the following items will shift the demand curve for hamburgers?
   A) an increase in the price of the meat used to produce hamburgers
   B) a fall in the price of french fries, a complement for hamburgers
   C) an increase in the number of hamburger restaurants
   D) an improvement in the productivity of hamburger-making machines

3) If the price of chicken falls, then in the market for beef,
   A) the demand curve for beef would shift leftward.
   B) there would be a movement upward along the demand curve for beef.
   C) the demand curve for beef would shift rightward.
   D) there would be a movement downward along the demand curve for beef.

4) A decrease in the expected future price of cars causes a(n)
   A) increase in the current quantity demanded of cars, that is, a movement downward along the demand curve for cars.
   B) decrease in the current demand for cars, that is a leftward shift of the demand curve for cars.
   C) decrease in the current quantity demanded of cars, that is, a movement upward along the demand curve for cars.
   D) increase in the current demand for cars, that is, a rightward shift of the demand curve for cars.

5) Which of the following will decrease the supply of restaurant meals?
   A) The demand for restaurant meals decreases.
   B) Waiters get a pay raise.
   C) Consumers' income increases and restaurant meals are a normal good.
   D) The price of movies, a complement to restaurant meals, falls.

6) If the price of lumber rises, then, in the market for sawdust,
   A) there would be a movement downward along the supply curve for sawdust.
   B) there would be a movement upward along the supply curve for sawdust.
   C) the supply curve of sawdust shifts leftward.
   D) the supply curve of sawdust shifts rightward.

7) Ticket scalpers at the NCAA basketball tournament last year charged prices high above the printed ticket price. This observation is evidence of
   A) a shortage at printed ticket prices.
   B) the tournament not being televised.
   C) a surplus at printed ticket prices.
   D) the tournament getting too much television exposure.

8) Suppose the equilibrium price for soft drinks is $1.00. If the current price in the soft drink market is $1.25 each,
   A) the demand curve for soft drinks will shift leftward.
   B) the supply curve of soft drinks will shift leftward.
   C) there will be a surplus of soft drinks.
   D) there will be a shortage of soft drinks.

9) In March, the quantity of orange juice sold in the town of Jackson was 3000 cartons and the price $3. In May, the quantity of orange juice sold in the town of Jackson was 3500 cartons and the price was $3.20. This change in the price and quantity sold could have been the result of
   A) the after effects of a warm winter in Florida that increased the orange crop yield by 50 percent.
   B) the after effects of a cold winter in Florida that killed half of the orange crop.
   C) the release of a medical study suggesting that consuming orange juice helps prevent cancer.
   D) a reduction in the number of orange juice coupons provided by local markets.

10) If the U.S. Surgeon General announced that increased grapefruit juice consumption could cause lower cholesterol levels, what would happen to the equilibrium price and quantity of grapefruit juice?
   A) Price and quantity both decrease. B) Price increases but quantity decreases.
   C) Price and quantity both increase. D) Price decreases but quantity increases.
11) We observe that both the equilibrium price of 35mm cameras and the equilibrium quantity of cameras have decreased. Which of the following events could be responsible for this?
A) The price of digital cameras fell.
B) A technological advance lowered 35mm camera production costs.
C) Consumers’ income rose and 35mm cameras are a normal good.
D) The price of 35mm films fell.

12) If the demand curve for bikes shifts leftward and the supply curve for bikes shifts rightward,
A) the equilibrium price of bikes definitely decreases.
B) the equilibrium quantity of bikes definitely increases.
C) the equilibrium price of bikes definitely increases.
D) the equilibrium quantity of bikes definitely decreases.

13) The above figures show the market for oranges. Which figure(s) shows the effect of a nation-wide consumer boycott of eating oranges?
A) Figure B  
B) Figure C
C) Figures B and C  
D) Figures A and D

14) The above figures show the market for oranges. Which figure shows the effect of a new technology called "the orange picker," which harvests oranges less expensively than ever before?
A) Figure A  
B) Figure B
C) Figure C  
D) Figure D

15. (3 points) In the diagram below, draw the PPF for this economy and provide numeric values for the vertical intercept, horizontal intercept, and the position of the "kink" in the PPF.

16. Who has the comparative advantage in hats?
   a. Thetas.    b. Fijis

17. If the economy produces 40 hats efficiently, what is the maximum number of baskets that can be produced?

18. If the economy produces 40 hats efficiently, what is the opportunity cost of one more hat?

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