

NAME \_\_\_\_\_

## 28 Matching questions

- |   |   |
|---|---|
| <p>1. <input type="text"/> Subsidies</p>                    | <p><b>a</b></p> <p>The change in output that results from employing an added unit of labor</p>  |
| <p>2. <input type="text"/> Unitary Elastic Demand</p>       | <p><b>b</b> the action or process of differentiating.</p>   |
| <p>3. <input type="text"/> Supply</p>                       | <p><b>c</b></p> <p>an association of manufacturers or suppliers with the purpose of maintaining prices at a high level and restricting competition.</p>   |
| <p>4. <input type="text"/> Equilibrium price</p>            | <p><b>d</b></p> <p>is a monopoly in an industry in which it is most efficient (involving the lowest long-run average cost) for production to be permanently concentrated in a single firm rather than contested competitively.</p>              |
| <p>5. <input type="text"/> Price ceilings</p>               | <p><b>e</b></p> <p>is a marketing strategy "in which one firm tries to distinguish its product or service from competing products on the basis of attributes like design and workmanship</p>  |
| <p>6. <input type="text"/> Determinants of Supply</p>       | <p><b>f</b></p> <p>are regulations designed to protect low-income individuals from not being able to afford important resources.</p>  |
| <p>7. <input type="text"/> Operating Cost</p>               | <p><b>g</b></p> <p>A graph showing the hypothetical supply of a product or service that would be available at different price points</p>  |
| <p>8. <input type="text"/> Cartel</p>                       | <p><b>h</b></p> <p>Show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price, ceteris paribus</p> <p><math>-\% \text{ Change in Quantity Demanded} / \% \text{ Change in Price}</math></p> |
| <p>9. <input type="text"/> Nonprice competition</p>         | <p><b>i</b></p> <p>Antitrust laws: are statutes developed by the U.S. Government to protect consumers from predatory business</p>   |
| <p>10. <input type="text"/> Franchise</p>                   |   |
| <p>11. <input type="text"/> Increasing Marginal Returns</p> |   |
| <p>12. <input type="text"/> Marginal Product of Labor</p>   |   |
| <p>13. <input type="text"/> Complementary Goods</p>         |   |
| <p>14. <input type="text"/> Price floor</p>                 |   |
| <p>15. <input type="text"/> Antitrust laws</p>              |   |

- 16.  Supply Schedule
- 17.  Excise Tax
- 18.  Market Supply Schedule
- 19.  Differentiation
- 20.  Rent control
- 21.  Excess demand
- 22.  Barrier to entry
- 23.  Oligopoly
- 24.  Market Supply Curve
- 25.  Imperfect competition
- 26.  Perfect competition
- 27.  Elasticity of Demand
- 28.  Natural monopoly

practices by ensuring that fair competition exists in an open-market economy.

**j**

is a situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply.

**k**

A benefit given by the government to groups or individuals usually in the form of a cash payment or tax reduction; usually given to remove some type of burden and is often considered to be in the interest of the public

**l**

A table which contains values for the price of a good and the quantity that would be supplied at that price

**m**

government control and regulation of the amounts charged for rented housing

**n**

As the number of new employees increases, the marginal product of an additional employee will at some point be less than the marginal product of the previous employee

**o**

Table which shows how much one or more firms will be willing to supply at particular prices under the existing circumstances

**p**

Amount of a product that producers and firms are willing to sell at a given price when all other factors being held constant

**q**

the situation prevailing in a market in which elements of monopoly allow individual producers or consumers to exercise some control over market prices

**r**

When a good's demand is increased when the price of another good is decreased

**s**

Taxes paid when purchases are made on a specific good, such as gasoline

**t**

the situation prevailing in a market in which buyers and sellers are so numerous and well informed that all elements of monopoly are absent and the market price of a commodity is beyond the control of individual buyers and sellers.

**u**

When the percentage change in quantity demanded is equal to the percentage change in price

**v**

are obstacles that make it difficult to enter a given market.

**w**

a situation in which the market demand for a commodity is greater than its market supply, thus causing its market price to rise

**x**

- Price
- Input Price
- Technology
- Expectations

**y**

a state of limited competition, in which a market is shared by a small number of producers or sellers.

**z**

Expenses which are related to the operation of a business, or to the operation of a device, component, piece of equipment or facility; the cost of resources used by an organization just to maintain its existence

**aa**

an authorization granted by a government or company to an individual or group enabling them to carry out specified commercial activities

**ab**

the price at which the quantity of a product offered is equal to the quantity of the product in demand

## 27 Multiple choice questions

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1. is a type of imperfect competition such that many producers sell products that are differentiated from one another and hence are not perfect substitutes.v
  - a. Imperfect competition
  - b. Monopolistic competition
  - c. Nonprice competition
  - d. Perfect competition
  
2. also known as "negative externality," is a term used to describe some loss or damage that a market transaction causes a third party.
  - a. Search costs
  - b. Spillover costs
  - c. Marginal Cost
  - d. Start-up costs
  
3. Type of demand that will rise or fall depending on the price of the good
  - a. Elasticity of Demand
  - b. Inelastic Demand
  - c. Elastic Demand
  - d. Law of Demand
  
4. firm belief in the reliability, truth, ability, or strength of someone or something.
  - a. Demand
  - b. Trust
  - c. Surplus
  - d. Supply
  
5. is an event that suddenly changes the price of a commodity or service.
  - a. Supply shock
  - b. Collusion
  - c. Surplus
  - d. Supply Schedule

6. The increase in revenue that results from the sale of one additional unit of output. (Change in Total Revenue/Change in Output Quantity)
  - a. Market power
  - b. Barrier to entry
  - c. Marginal Cost
  - d. Marginal Revenue
  
7. Quantity of a commodity that producers are willing to sell at a particular price at a particular point of time
  - a. Antitrust laws
  - b. Quantity Supplied
  - c. Law of Supply
  - d. Supply
  
8. As the number of new employees increases, the marginal product of an additional employee will at some point be less than the marginal product of the previous employee
  - a. Diminishing Marginal Returns
  - b. Marginal Revenue
  - c. Ceteris Paribus
  - d. Marginal Cost
  
9. Intervene directly in market decisions such as pricing, competition, market entry, or exit.
  - a. Regulations
  - b. Collusion
  - c. Rationing
  - d. Deregulation
  
10. When a good's demand is increased when the price of another good is increased
  - a. Start-up costs
  - b. Substitution Effect
  - c. Subsidies
  - d. Substitute Goods
  
11. Non-recurring costs associated with setting up a business, such as accountant's fees, legal fees, registration charges, as well as advertising, promotional activities, and employee training.
  - a. Start-up costs
  - b. Total Cost
  - c. Marginal Cost
  - d. Spillover costs

12. Consumer's desire and willingness to pay a price for a specific good or service
  - a. Demand
  - b. Law of Demand
  - c. Cartel
  - d. Patent
  
13. Cost incurred by a business when manufacturing a good or producing a service. Production costs combine raw material and labor
  - a. Law of Demand
  - b. Collusion
  - c. Cost of Production
  - d. Commodity
  
14. The measure of the responsiveness in quantity supplied (QS) to a change in price for a specific good ( $\% \text{ Change QS} / \% \text{ Change in Price}$ ).
  - a. Excess supply
  - b. Elasticity of Supply
  - c. Elasticity of Demand
  - d. Quantity Supplied
  
15. The price of goods plays a crucial role in determining an efficient distribution of resources in a market system.
  - a. Oligopoly
  - b. Ceteris Paribus
  - c. Role of prices
  - d. Regulations
  
16. a combination of two things, especially companies, into one.
  - a. Shortage
  - b. Trust
  - c. Cartel
  - d. Merger
  
17. When the price goes up, consumers' buying habits stay about the same, and when the price goes down, consumers' buying habits also remain unchanged
  - a. Inelastic Demand
  - b. Elastic Demand
  - c. Law of Demand
  - d. Excess demand

18. Table of the quantity demanded of a good at different price levels
  - a. Market Supply Schedule
  - b. Supply Schedule
  - c. Rent control
  - d. Demand Schedule
  
19. Any items for which demand increases when income increases
  - a. Demand
  - b. Normal Good
  - c. Price floor
  - d. Collusion
  
20. Change in total cost that comes from making or producing one additional item
  - a. Start-up costs
  - b. Marginal Revenue
  - c. Marginal Cost
  - d. Total Cost
  
21. Nature of Good
  - Amount of Substitutes
  - Alternative Use
  - Possibility of Postponing Consumption
  - Proportion of Income Spent
  - Price Level
  - Force of Habit
  - Durability of Commodities
  - Income Level
  - a. Factors of Elasticity
  - b. Cost of Production
  - c. Unitary Elastic Demand
  - d. Law of Supply
  
22. a situation in which the market supply of a commodity is greater than the market demand for it, thus causing its market price to fall
  - a. Excise Tax
  - b. Excess supply
  - c. Supply
  - d. Law of Supply

23. the maintaining of prices at a certain level by agreement between competing sellers.
- Rationing
  - Excise Tax
  - Price fixing
  - Price floor
24. the action of selling the same product at different prices to different buyers, in order to maximize sales and profits.
- Price ceilings
  - Price discrimination
  - Perfect competition
  - Rent control
25. a raw material or primary agricultural product that can be bought and sold, such as copper or coffee.
- Commodity
  - Supply
  - Subsidies
  - Collusion
26. Idea that as prices rise (or incomes decrease) consumers will replace more expensive items with less costly alternatives
- Substitute Goods
  - Substitution Effect
  - Income Effect
  - Subsidies
27. A type of good for which demand declines as the level of income or real GDP in the economy increases
- Price war
  - Operating Cost
  - Substitute Goods
  - Inferior Good

## 27 True/False questions

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1. Market power → an association of manufacturers or suppliers with the purpose of maintaining prices at a high level and restricting competition.

True      False



2. Law of Demand → States that all factors being equal, as the price of a good or service increases, consumer demand for the good or service will decrease, vice versa

True     False

3. Total Cost → Costs incurred in producing something or engaging in an activity, made up of variable costs and fixed costs

True     False

4. Shortage → an amount of something left over when requirements have been met; an excess of production or supply over demand.

True     False

5. Variable → an association of manufacturers or suppliers with the purpose of maintaining prices at a high level and restricting competition.

True     False

6. Minimum wage → the lowest wage permitted by law or by a special agreement

True     False

7. Surplus → an amount of something left over when requirements have been met; an excess of production or supply over demand.

True     False

8. Market Demand Schedule → Table that lists the quantity of a good all consumers in a market will buy at every different price

True     False

9. Economies of scale → The price of goods plays a crucial role in determining an efficient distribution of resources in a market system.

True     False

10. Determinants of Demand → Show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price, ceteris paribus  
- % Change in Quantity Demanded / % Change in Price

True     False

11. Search costs → is one facet of transaction costs or switching costs

True      False

12. Price war → is a situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply.

True      False

13. Income Effect → Change in an individual's or economy's income and how the change will impact the quantity demanded of a good or service

True      False

14. Black market → an illegal traffic or trade in officially controlled or scarce commodities

True      False

15. Rationing → allow each person to have only a fixed amount of (a particular commodity).

True      False

16. Disequilibrium price → the lowest wage permitted by law or by a special agreement

True      False

17. Government monopoly → is a form of coercive monopoly in which a government agency or government corporation is the sole provider of a particular good or service and competition is prohibited by law.

True      False

18. License → a permit from an authority to own or use something, do a particular thing, or carry on a trade

True      False

19. Demand Curve → Graph depicting the relationship between the price of a certain commodity and the amount of it that consumers are willing and able to purchase at that given price

True      False

20. Patent → a government authority or license conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.

True      False

21. Law of Supply → A microeconomic law that states, all other factors being equal, as the price of a good or service increases, the quantity of goods or services that suppliers offer will increase, and vice versa
- True    False
22. Collusion → secret or illegal cooperation or conspiracy, especially in order to cheat or deceive others.
- True    False
23. Deregulation → is the process of removing or reducing state regulations. It is therefore opposite of regulation, which refers to the process of the government regulating certain activities.
- True    False
24. Predatory pricing → the pricing of goods or services at such a low level that other suppliers cannot compete and are forced to leave the market.
- True    False
25. Ceteris Paribus → "all other things remaining equal"  
-rule out the possibility of 'other' factors changing, i.e. the specific causal relation between two variables is focused.
- True    False
26. Total Revenue vs. Total Profits → The price of goods plays a crucial role in determining an efficient distribution of resources in a market system.
- True    False
27. Fixed Cost vs. Variable Cost → Non-recurring costs associated with setting up a business, such as accountant's fees, legal fees, registration charges, as well as advertising, promotional activities, and employee training.
- True    False