

Quiz 1 - ECN 143.03 - Spring 2012
Principles of Microeconomics - Dr. Allen
20 points

Name _____

Circle the letter corresponding to the correct response.

1. If we say that two variables are directly related, this means that
 - a. the relationship between the two is purely random
 - b. an increase in one variable is associated with a decrease in the other variable
 - c. an increase in one variable is associated with an increase in the other variable
 - d. the two graph as a downsloping line

2. An economist for a motorcycle company predicts that, other things equal, a rise in consumer incomes will increase the demand for motorcycles. This prediction is based on the assumption that
 - a. there are many goods that are substitutes for motorcycles
 - b. there are many goods that are complementary to motorcycles
 - c. there are few goods that are substitutes for motorcycles
 - d. motorcycles are normal goods

3. A supply function shows
 - a. how much consumers would like to buy at different prices
 - b. possible combinations of output under different conditions
 - c. how much producers are willing and able to sell at different prices
 - d. all of the above

4. The law of demand states that
 - a. price and quantity demanded are inversely related
 - b. the larger the number of buyers in a market, the lower will be product price
 - c. price and quantity demanded are directly related
 - d. consumers will buy more of a product at higher prices than at lower prices

5. Which is the correct match of an economic resource and payment for that resource?
 - a. capital and interest income
 - b. labor and rental income
 - c. land and normal profit
 - d. entrepreneurial ability and wages