

Allocation of resources

Name: _____

Date: _____

1. What is 'demand'?
 - A. the desire to own a product
 - B. the ability and willingness to buy a product
 - C. the ability to buy a product
 - D. unlimited wants

2. What happens when there is an 'extension in demand'?
 - A. a fall in price leads to a rise in quantity demanded
 - B. a rise in price leads to a fall in quantity demanded
 - C. a fall in price leads to a fall in quantity demanded
 - D. a rise in price leads to a rise in quantity demanded

3. What happens when there is a 'contraction in demand'?
 - A. a fall in price leads to a fall in quantity demanded
 - B. a rise in price leads to a fall in quantity demanded
 - C. a fall in price leads to a rise in quantity demanded
 - D. a rise in price leads to a a fall in quantity demanded

4. Which statement is correct about demand extension/contraction and change in demand?
 - A. a change in demand depends on the change in price of a product, while an extension/a contraction depends on non-price factors
 - B. both an extension/a contraction and a change in demand depends on the change in price
 - C. an extension/a contraction in demand depends on the price of a product, while a change in demand depends on non-price factors
 - D. both an extension/a contraction and a change in demand depends on non-price factors

5. What is a normal good?
- A. a product that can be used as an alternative of another
 - B. a product that is used together with another product
 - C. a product whose demand decreases when income increases and increases when income falls
 - D. a product whose demand increases when income increases and decreases when income falls
6. What is an inferior good?
- A. a product that can be used as an alternative of another
 - B. a product that is used together with another product
 - C. a product whose demand decreases when income increases and increases when income falls
 - D. a product whose demand increases when income increases and decreases when income falls
7. What is a substitute?
- A. a product that can be used as an alternative of another
 - B. a product that is used together with another product
 - C. a product whose demand decreases when income increases and increases when income falls
 - D. a product whose demand increases when income increases and decreases when income falls
8. What is a complement?
- A. a product that can be used as an alternative of another
 - B. a product that is used together with another product
 - C. a product whose demand decreases when income increases and increases when income falls
 - D. a product whose demand increases when income increases and decreases when income falls

9. List 3 causes of changes in demand
