

## Resource Allocation Assessment

Name: \_\_\_\_\_ Date: \_\_\_\_\_

1. If extreme temperatures destroyed much of the wheat harvest, the price of wheat and quantity sold would change in which of the following ways?

	<u>Price</u>	<u>Quantity</u>
A)	Increase	Increase
B)	Increase	Decrease
C)	No change	Increase
D)	Decrease	Decrease
E)	No change	Decrease

2. Which of the following would NOT increase demand for sushi, a normal good?

- A) An increase in the price of raw tuna, a substitute for sushi
- B) A decrease in the price of wasabi, a complementary good for sushi
- C) An increase in consumers' income
- D) A decrease in the price of sushi
- E) An increase in consumers' tastes and preference for sushi

3. Market systems—unlike command systems or alternative systems of allocation—allocate resources primarily by:

- A) a bicameral legislature
- B) democratic elections
- C) central planners
- D) norms and traditions
- E) the price system

4. Which of the following will increase supply of ice cream, a normal good?

- A) An increase in the number of restaurants selling ice cream
- B) An increase in the cost of milk, a key ingredient in ice cream
- C) An increase in the price of cones used to serve ice cream
- D) An increase in consumers' income
- E) A tax increase on ice cream distributors

5. According to derived demand, when the demand for e-cigarettes decreases, the demand for chemists and factory workers who make e-cigarettes and their wages would:

<u>Labor demand</u>	<u>Wages</u>
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- |              |          |
|--------------|----------|
| A) Increase  | Increase |
| B) Increase  | Decrease |
| C) No change | Increase |
| D) Decrease  | Decrease |
| E) No change | Decrease |

6. If many unskilled workers enter the factor market for labor, which of the following will likely result in the factor market for unskilled workers?

- A) The supply curve will shift to the left and the wage rate will increase
- B) There will be a rightward movement along the demand curve and the wage rate will increase
- C) The supply curve will shift to the right and the wage rate will decrease
- D) The demand curve will shift to the left and the wage rate will decrease
- E) The demand curve will shift to the right and the wage rate will increase

7. Which of the following will cause the demand curve for Product Z to shift to the right?

- A) An increase in the price of Product Y, a substitute for Product Z
- B) An increase in the price of Product Y, a complement to Product Z
- C) A decrease in consumer preference for Product Z
- D) An increase in the supply of Product Z
- E) A new subsidy from the government provided to the producers of Product Z

8. How are inferior goods impacted by an increase in median consumer income?

- A) The demand curve will shift right
- B) The demand curve will shift left
- C) The short-run supply curve will shift right
- D) The short-run supply curve will shift left
- E) Workers of these inferior goods will become more productive

9. Which of the following would cause the supply curve for smart watches to shift to the right?
- A) An increase in the price of smart watches
  - B) An increase in the wages of workers in the smart watch industry
  - C) An increase in the number of firms making smart watches
  - D) A decrease in the price of smart watches
  - E) A decrease in the raw materials needed to produce smart watches
10. If both demand and supply for gasoline increase, the equilibrium price and quantity of gasoline will most likely change in which of the following ways?
- |    | <u>Price</u>  | <u>Quantity</u> |
|----|---------------|-----------------|
| A) | Decrease      | Decrease        |
| B) | Increase      | Indeterminate   |
| C) | Increase      | Increase        |
| D) | Increase      | Decrease        |
| E) | Indeterminate | Increase        |