

Applications of Economic Studies

**Prof. Dr.
Essam Mandoure**

Answer the following questions?

Q1: Answer the following questions with true or false?

1. A change in quantity demanded refers to a shift of the demand curve because a variable other than price has changed.

2. Market demand is the sum of all individual demand.

3. When income increases the demand for inferior goods increases.

4. An increase in the price of complementary good will lead to reduction in the quantity of commodity.

5. The opportunity cost is the cost of consuming two goods in the same time.

6. Unemployment and consumption are macroeconomic aspects while inflation and prices are microeconomic aspects.

7. Government subsidization of firms producing good "A" results in an increase in the demand for good "A"

8. A surplus exists when the market price is above the equilibrium price.

9. There is a decrease in demand for a commodity when the price of a substitute commodity increases.

10. If consumers expect price of specific good to increase in the future, they will purchase more of it now.

11. In circular -flow model flow of goods and services and flow money have the same direction.

12. Any point inside the frontier curve indicates that some resources are unemployed.

13. The points that are outside the frontier curve are not attainable and inefficient.

14. Equilibrium price and quantity are determined by the intersection of supply and demand curves.

15. On the basis of the changes in the price of related goods, goods can be classified into normal goods and inferior goods.

Q2: choose the correct answer?

1- Economics is the study of

- a. how to read the Wall Street Journal.
- b. how to allocate unlimited resources to limited wants.
- c. how to allocate limited resources to unlimited wants.
- d. Not of the above.

2- If a nation has unemployment resources it must be the case that it is operating

- a. on its PPF.
- b. outside its PPF.
- c. inside its PPF.
- d. Not of the above.

3- cannot increase production of one good without decreasing the production of another good, means we are producing

- a. on PPF.
- b. outside PPF.
- c. inside PPF.
- d. Not of the above.

4-The government that determine what and how to produce and then distribute the production through quota system rationing in

- a. the capitalist system.
- b. the socialist system.
- c. mixed system.
- d. Islamic system.

5- Questions of interest to microeconomics include

- a. the interest rates lenders receive.
- b. the profits business receive.
- c. what determines the wages workers receive?
- d. what determines the general price?

6- A situation in which the quantity supplied is less than the quantity demanded refers to

- a. surplus.
- b. excess supply.
- c. shortage.
- d. all of the above.

7- Firms sell goods and services to households in the

- a. factors market.
- b. money market.
- c. product market.
- d. all of the above.

8- A graph that shows the combinations of output that the economy can possibly produce given the available production and available technology called.

- a. production possibility frontier.
- b. demand curve.
- c. circular -flow model.
- d. All of the above.

9- is one of other factors affecting demand.

- a. state of technology.
- b. Input cost.
- c. government regulations.
- d. Not of the above.

10- When the market reaches its equilibrium

- a. all buyers and sellers are satisfied.
- b. there is no upward pressure on the price..
- c. there is no downward pressure on the price..
- d. all of the above.

11- If a price of good A increases the quantity demanded of good B increase, then B is a:

- a. substitute good.
- b. complementary good
- c. inferior good.
- d. normal good.

12- If a consumer income rises the quantity demanded of good B increase, then good B is a

- a. substitute good.
- b. complementary good
- c. inferior good.
- d. normal good.

13- Microeconomics is concerned with

- a. The economy as a whole.
- b. The study of economic-wide phenomena.
- c. The study of individual markets.
- d. all of the above.

14- If cross price elasticity is positive, that goods are

- a. complements.
- b. substitutes.
- c. unrelated.
- d. not in the above

15- The necessity, substitutability, commodity share and time are the determinants of

- a. demand.
- b. supply.
- c. price elasticity of demand.
- d. price elasticity of supply

Q3: Give appropriate term of the following concepts?

1- are goods for which demand falls when income rises.

2- A visual model of the economy that shows how dollars and goods or services flow through markets among households and firms.

3- The quantities of good or service that people are willing and able to purchase during a particular period of time increases as the price of that good or service falls, everything else held constant.

4- A graph that shows the combinations of output that economy can possibly produce given the available factors of production and the available production technology.

5- is the study of national economy as a whole or of its major components.

6- is a means of production that is made by human labor and used for the further production of goods and services.

7-..... When the economy cannot make anyone better off without making someone else worse off.

8-..... Unlimited needs and limited resources chose between alternatives.

9- is the position of balance, which persists because there is no incentive for anyone to change his or her behavior.

10-The study of how societies use scarce resources to produce valuable goods and services and distribute them among different entities.