

TUTORIAL

18_MARCH_2026

[use the INDIRECT demand and supply functions $P = f(Q)$]

1. Plastic and wood are substitutes in the production of furniture. If the price of plastic increases, with other things remaining the same, we would expect
 - A) the price of wood to fall
 - B) the demand curve for wood to shift to the right
 - C) the demand curve for plastic to shift to the left
 - D) nothing to happen to wood because it is only a substitute for plastic
 - E) the demand curve for wood to shift to the left

2. Which of the following would shift the demand curve for textbooks to the right?
 - A) A fall in the price of paper used in publishing texts
 - B) A fall in the price of equivalent used textbooks
 - C) An increase in the number of students attending college
 - D) A fall in the price of new textbooks

3. Sugar can be refined from sugar beets. When the price of those beets falls
 - A) the demand curve for sugar would shift right
 - B) the demand curve for sugar would shift left
 - C) the supply curve for sugar would shift right
 - D) the supply curve for sugar would shift left

4. Which of the following events will cause a leftward shift in the supply curve of gasoline?
 - A) A decrease in the price of gasoline
 - B) An increase in the wage rate of refinery workers
 - C) Decrease in the price of crude oil
 - D) An improvement in oil refining technology
 - E) all of the above

5. Which of the following would cause a shift to the right of the supply curve for gasoline?
 - I. A large increase in the price of public transportation.
 - II. A large decrease in the price of automobiles.
 - III. A large reduction in the costs of producing gasoline.
 - A) I only
 - B) II only
 - C) III only
 - D) II and III only

6. The price of natural resource A goes up, as a result, the demand for natural resource B shifts to the left. From this we can infer that
- A) good A is used to produce good B
 - B) good B is used to produce good A
 - C) goods A and B are substitutes
 - D) goods A and B are complements
 - E) none of the above
7. Which of the following will NOT cause a rightward shift in the demand curve for wood?
- A) A change in the price of wood
 - B) A health study indicating positive health benefits of using wood instead of plastic
 - C) An increase in the price of plastic (a substitute)
 - D) A decrease in the price of paint (a complement)
 - E) none of the above
8. Suppose biochemists discover an enzyme that can double the amount of ethanol that may be derived from a given amount of biomass. Based on this technological development, we expect the
- A) supply curve for ethanol to shift leftward
 - B) supply curve for ethanol to shift rightward
 - C) demand curve for ethanol to shift leftward
 - D) demand curve for ethanol to shift rightward
9. Due to the recent increase in the price of natural gas, the quantity of coal demanded by electric power generation plants has increased. Based on this information, coal and natural gas are
- A) complements
 - B) substitutes
 - C) independent goods
 - D) none of the above
10. The battery packs used in electric and hybrid automobiles are one of the largest cost components for manufacturing these cars. As the price of these batteries decline, we expect that the
- A) supply curve for electric and hybrid autos will shift rightward
 - B) supply curve for electric and hybrid autos will shift leftward
 - C) demand curve for electric and hybrid autos will shift rightward
 - D) demand curve for electric and hybrid autos will shift leftward