CANADIAN ECONOMY 2203

UNIT I SAMPLE EXAM

(Chapter 4 - Pages 72-93)

1) Define or explain ten (10) of the following:
   a) market
   b) demand
   c) law of demand
   d) demand curve
   e) supply
   f) market demand
   g) law of supply
   h) supply schedule
   I) equilibrium price
   j) demographic

2) Consider each of the following scenarios in the North American gasoline and oil market. Draw freehand demand and supply graphs to determine the changes in quantities demanded and supplied, and in market prices, in response to these scenarios.
   a) The North American economy is prosperous, and automobile sales, particularly those of full-inefficient SUVs and vans, rise.

   b) After September 11 2001, the North American economy slips into a recession, and automobile sales plummet.

   c) War in the Middle East results in a sharp fall in oil exports to North America.

   d) Automobile manufacturers develop new engines that significantly improve the fuel efficiency of all models.

3) Draw a demand and supply graph for the following information. Shade in the area that represents a surplus in this market and the area that represents a shortage when market prices of $1.80 and $1.00 are considered. Demand and Supply for hot dogs in a school cafeteria.

Price	**Quantity demanded**	**Quantity Supplied**	**Surplus/ Shortage**
$2.00	100	190	
$1.80	120	180	
$1.60	140	170	
$1.40	160	160	
$1.20	180	150	
$1.00	200	140	
$0.80	220	130	

4) Economists are not generally supportive of governments interfering in markets in order to set prices. Using the example in question 1, explain what undesirable results might occur if the school simply declared a price for cafeteria foods.