

How does a competitive market work? - Séance 3

1. **What is the response of consumers to an increase in petrol prices?**

- A: To travel less.
- B: To work less.
- C: To work more.
- D: To travel more.

2. **What is the response of businesses to an increase in petrol prices?**

- A: To convince the shareholders to suffer the cost.
- B: To pass the cost onto the consumer.
- C: To decrease its overall workload.
- D: To increase its fleet of vehicles.

3. **When price increases, the quantity demanded increases.**

- A: True
- B: False

4. **When price decreases, the quantity supplied increases.**

- A: True
- B: False

5. **When price decreases, the quantity demanded increases.**

- A: True
- B: False

6. **When the price increases, the quantity supplied increases.**

- A: True
- B: False

7. **What does a near vertical slope mean for the demand curve?**

- A: At any demand, q_D remains unchanged.
- B: At any supply, q_D remains unchanged
- C: At any price, q_D remains unchanged.
- D: At any demand, prices remain unchanged.

8. **What does a near horizontal slope mean for the demand curve?**

- A: A large variation in the price will cause the q_D to vary slightly.
- B: A small variation in the price will cause the q_D to vary greatly.
- C: A small variation in the q_D will cause the price to vary greatly.
- D: A large variation in the q_D will cause the price to vary greatly.

9. **Which is NOT a determiner for demand?**

- A: Income of consumers.
- B: Cost of production
- C: Price of other goods.
- D: Consumer preferences.

10. **Which is NOT a determiner for supply?**

- A: Price for consumers.
- B: Regulation.
- C: Cost of production.
- D: Technology.