This is a Class 1 exam

Lebanon Evangelical School for Boys and Girls

Lebanon Evangelical School
for Boys and Girls Loueizeh - Baabda

SE02 Exam

15DEC2025

Do NOT write in this box. Your MARK will be placed here.

Subject :	Economics
Class :	11S1 and 11S2
Teacher :	Mr. George El Haber
Duration :	1 hour
Answer on the question sheet You are to answer the questions to this exam on : This exam paper	

Your name :		*Time taken to complete exam*
Your Class :		
Exam Room :		
How many sheets, including cover sheet :		

- Do not open this paper until the teacher in charge instructs you to do so.
- The most important thing to remember in taking an exam is NEVER PANIC.
- If you are caught cheating in this exam, you will be awarded zero for ALL exams that are taken on this day.

I. Answer the following multiple choice questions by circling the right letter. (Only one answer is right) (1pt. each)

1. "Demand" refers to:
   A) Wanting a product, regardless of ability to pay
   B) Ability to pay, regardless of willingness
   C) Willingness **and** ability to pay at a given price
   D) The maximum price a seller can charge

2. The **law of demand** states that:
   A) As price rises, demand rises
   B) As price rises, quantity demanded falls
   C) As income rises, quantity demanded falls
   D) As price rises, supply rises

3. Which best explains *one* reason demand curves slope downward?
   A) Higher prices raise real income
   B) Lower prices increase real income purchasing power
   C) Higher prices attract more consumers
   D) Lower prices reduce the number of buyers

4. A fall in the **price** of a product causes:
   A) A leftward shift of demand
   B) A rightward shift of demand
   C) A movement along the demand curve to a higher quantity demanded
   D) No change in quantity demanded

5. A "contraction in demand" means:
   A) Demand curve shifts left due to income falling
   B) Quantity demanded falls due to a price rise
   C) Quantity demanded rises due to a price fall
   D) Demand curve shifts right due to advertising

6. A "rightward shift in demand" means:
   A) Lower quantity demanded at all prices
   B) Higher demand at all prices (not caused by the good's own price)
   C) Movement along demand from Q1 to Q2
   D) Price must rise

7. Market demand is found by:
   A) Averaging each consumer's quantity demanded
   B) Adding all consumers' quantities demanded at each price
   C) Subtracting the smallest consumer's demand
   D) Adding prices and dividing by consumers

8. Market demand table:

Price ($)	Qd (A)	Qd (B)	Market Qd
6	8	7	?

Market Qd equals:
A) 1
B) 7
C) 8
D) 15

9. Consumer A and B demand:

Price ($)	Qd(A)	Qd(B)
2	14	6
4	12	5
6	10	4
8	8	3

At **price = $6**, market demand is:
A) 6
B) 10
C) 14
D) 24

10. If at every price, Consumer B suddenly demands **2 more units** than before (and A unchanged), then market demand:
A) Shifts left
B) Increases by 2 at each price
C) Decreases by 2 at each price
D) Is unchanged

11. Which is **NOT** a non-price determinant of demand in "HIS AGE"?
A) Habits/fashions/tastes
B) Income
C) Substitutes & complements
D) The good's own price

12. Coffee and tea are substitutes. If the **price of tea rises**, what happens to demand for coffee (all else constant)?
A) Demand for coffee shifts left
B) Demand for coffee shifts right
C) Quantity demanded of coffee decreases (movement along)
D) Coffee supply shifts right

13. Cinema tickets and popcorn are complements. If the **price of cinema tickets rises**, what most likely happens to **demand for popcorn**?
    A) Demand shifts right
    B) Demand shifts left
    C) Quantity supplied rises
    D) No effect is possible

14. Which scenario most clearly causes a **shift** in demand (not a movement along)?
    A) Price of the product rises
    B) Price of the product falls
    C) A successful advertising campaign for the product
    D) A change in the quantity demanded

15. The government introduces a **sales tax** on a product, increasing its final price to consumers. Most direct effect on *demand* (as defined in the notes) is:
    A) Demand curve shifts right
    B) Demand curve shifts left because prices are higher
    C) Movement along the demand curve to a lower quantity demanded
    D) Supply curve shifts left

16. During a recession, consumers feel uncertain and reduce spending. For most goods, demand is likely to:
    A) Shift right
    B) Shift left
    C) Stay unchanged
    D) Become vertical

17. Weather becomes extremely hot. For ice cream, the best prediction is:
    A) Demand shifts left
    B) Demand shifts right
    C) Supply shifts left
    D) Quantity demanded falls because price rises automatically

18. Abnormal demand means:
    A) Quantity demanded falls when price falls (for certain goods)
    B) Quantity demanded always falls when price rises
    C) Demand is unrelated to income
    D) Demand curve is always vertical

19. “Snobbism” (in this context) best supports demand that:
    A) Increases when price falls because it feels cheaper
    B) Increases when price rises because it signals status
    C) Does not change with price
    D) Depends only on government subsidies

20. A luxury watch brand raises its price, and demand rises because some buyers want exclusivity. This is best described as:
    A) Normal demand (law of demand)
    B) Abnormal demand linked to snobbism
    C) A supply increase
    D) A complement effect

21. "Supply" refers to:
    A) Consumers' willingness and ability to buy
    B) Firms' willingness and ability to provide at given prices
    C) The total number of products sold
    D) A government rule on pricing

22. The **law of supply** states that:
    A) Quantity supplied falls when price rises
    B) Quantity supplied rises when price rises (ceteris paribus)
    C) Demand rises when price rises
    D) Supply rises when income rises

23. One reason higher prices increase supply is:
    A) Firms earn lower profits so produce more
    B) Existing firms can earn higher profits if they supply more
    C) Consumers are forced to buy more
    D) Advertising costs fall automatically

24. A fall in the **price** of a product causes:
    A) A rightward shift of supply
    B) A movement along supply curve to a lower quantity supplied
    C) A shift in supply due to higher production costs
    D) A rightward shift of demand

25. A "contraction in supply" means:
    A) Supply curve shifts left due to tax increase
    B) Quantity supplied falls due to a price fall
    C) Quantity supplied rises due to a price rise
    D) Supply curve shifts right due to innovation

26. Which is **NOT** in "TWOTIPS"?
    A) Taxes
    B) Weather
    C) Innovation
    D) Advertising

27. A new automation technology allows firms to produce more at every price. Supply will:
    A) Shift left
    B) Shift right
    C) Move up along the same curve
    D) Shift demand right

28. A per-unit tax on producers increases costs. Supply will:
    A) Shift right
    B) Shift left
    C) Move down along curve
    D) Not change

29. A government subsidy to producers (reducing production costs) will:
    A) Decrease supply (shift left)
    B) Increase supply (shift right)
    C) Reduce demand (shift left)
    D) Cause a movement along supply curve only

30. If the cost of raw materials falls, then supply:
    A) Shifts right
    B) Shifts left
    C) Moves along the supply curve to a lower quantity supplied
    D) Becomes perfectly inelastic

31. If farmers have only **one week** to respond to a price rise of apples, supply response is likely:
    A) Larger (big right shift) because time is short
    B) Smaller because time is short
    C) Impossible to sell any apples
    D) Exactly the same as long-run

32. Opportunity cost example: price of corn falls while price of apples rises. Farmers likely:
    A) Increase supply of corn
    B) Increase supply of apples and reduce supply of corn
    C) Reduce supply of apples
    D) Keep both supplies constant

33. Market equilibrium is when:
    A) Supply is greater than demand
    B) Demand is greater than supply
    C) Quantity demanded equals quantity supplied
    D) Price equals zero

34. The equilibrium price is the price at which:
    A) Demand curve is vertical
    B) Supply curve intersects demand curve
    C) Supply curve shifts right
    D) Demand becomes abnormal

35. If the market price is **below equilibrium**, the market situation is:
    A) Surplus (excess supply)
    B) Shortage (excess demand)
    C) Equilibrium
    D) Demand shift right

36. If the market price is **above equilibrium**, firms tend to:
    A) Raise price further to sell more
    B) Reduce price to get rid of excess supply
    C) Reduce supply curve by shifting demand
    D) Increase demand by taxing consumers

37. Use the formula **Market Situation = Qs − Qd**.
    If **Qs = 45** and **Qd = 70**, the market has:
    A) Surplus of 25
    B) Shortage of 25
    C) Surplus of 115
    D) Equilibrium

38. Demand and supply schedule:

Price ($)	Qd	Qs
10	90	30
20	70	50
30	50	70
40	30	90

    Equilibrium price is:
    A) $10
    B) $20
    C) $30
    D) $40

39. Using the same table in Q38, at **price = $20**, the market situation (Qs − Qd) equals:
    A) +20 (surplus)
    B) −20 (shortage)
    C) 0 (equilibrium)
    D) +120 (surplus)

40. A product's demand increases (shifts right) while supply decreases (shifts left). The most likely new equilibrium outcome is:
    A) Price falls; quantity rises
    B) Price rises; quantity falls
    C) Price rises; quantity is ambiguous (could rise or fall)
    D) Price is unchanged; quantity falls

II. Answer the following questions by True or False, don't justify. (1pt. each)

41. Demand means desire only; ability to pay is not necessary. _____

42. A movement along the demand curve is caused only by a change in the good's own price. _____

43. A rightward shift of demand means a higher quantity demanded at every price level. _____

44. Market demand is the sum of individual demands at each price. _____

45. If income increases, demand must always decrease. _____

46. If the price of a substitute rises, demand for the original good tends to rise. _____

47. If the price of a complement rises, demand for the original good tends to rise. _____

48. Abnormal demand contradicts the usual inverse relationship between price and quantity demanded. _____

49. Supply curves generally slope downward because firms supply less at higher prices. _____

50. A movement along a supply curve occurs only when the good's price changes. _____

51. A subsidy to producers tends to shift supply to the right. _____

52. An increase in production costs tends to shift supply to the right. _____

53. At equilibrium, there is neither excess demand nor excess supply. _____

54. If $Qs - Qd$ is negative, the market has a surplus. _____

55. If price is set above equilibrium, excess supply tends to push price down toward equilibrium. _____

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46. If the price of a substitute rises, demand for the original good tends to rise. T

47. If the price of a complement rises, demand for the original good tends to rise. F

48. Abnormal demand contradicts the usual inverse relationship between price and quantity demanded. T

49. Supply curves generally slope downward because firms supply less at higher prices. F

50. A movement along a supply curve occurs only when the good's price changes. T

51. A subsidy to producers tends to shift supply to the right. T

52. An increase in production costs tends to shift supply to the right. F

53. At equilibrium, there is neither excess demand nor excess supply. T

54. If Qs − Qd is negative, the market has a surplus. F

55. If price is set above equilibrium, excess supply tends to push price down toward equilibrium. T