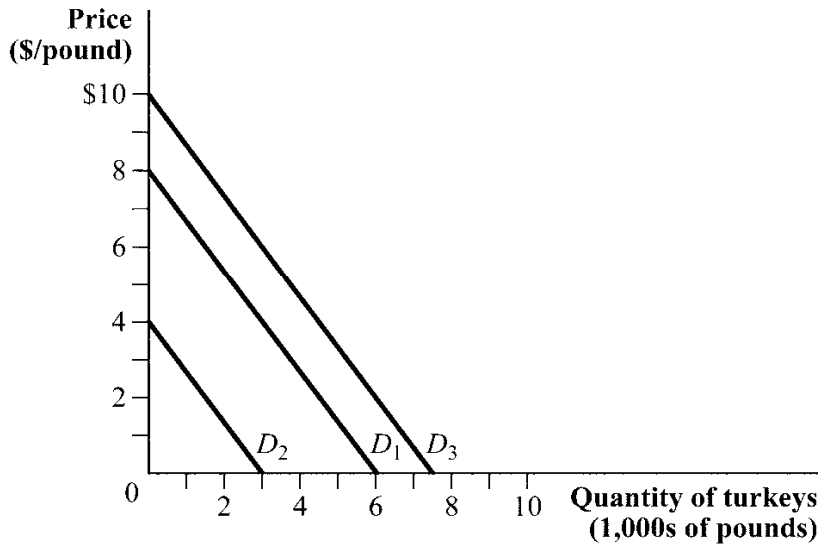


Quiz #1, January 26, 2017

Use the following to answer question 1.

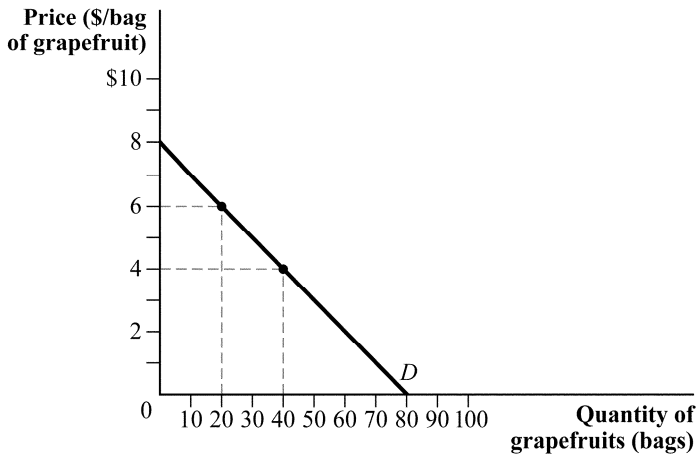
Figure 2.1



- (Figure 2.1) Mathematically, the demand curve D_1 is described by this equation:
A) $Q = 0.75 - P$. B) $Q = 6 - 0.75P$. C) $Q = 8 - 1.33P$. D) $P = 6 - 8P$.
- In the supply and demand model, we assume that there are _____ buyers and _____ sellers in the market.
A) many; many B) several; several C) many; several D) several; many
- If the demand curve is $Q_D = 10 - 2P$, then the lowest price at which no consumer is willing to buy the good (i.e., the demand choke price) is:
A) 10. B) 2. C) 7. D) 5.

Use the following to answer question 4.

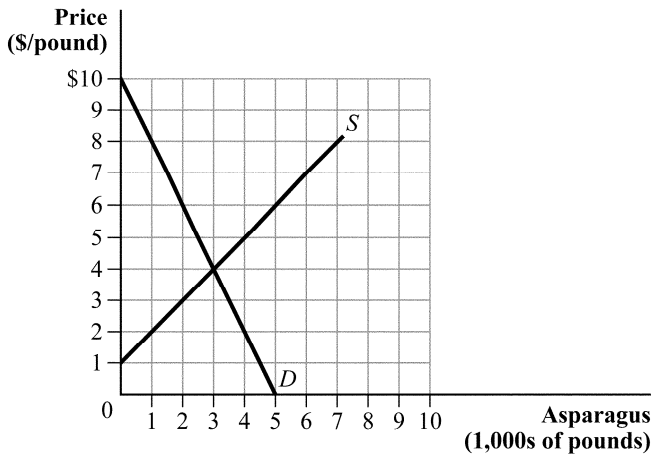
Figure 3.1



4. (Figure 3.1) At a market price of \$4, what is total consumer surplus?
A) \$120 B) \$320 C) \$160 D) \$80
5. Genetically modified soybean seed is an example of a new technology that has increased productivity. As a result, this new technology _____ production costs and _____ the supply of soybeans.
A) raised; increased C) lowered; increased
B) lowered; decreased D) raised; decreased
6. Tavist allergy pills sell for \$25 a box. Steve, Brian, and Toby are willing to pay \$33, \$27, and \$19, respectively, for a box of Tavist. What is the total consumer surplus for Steve, Brian, and Toby?
A) \$16 B) \$10 C) \$4 D) \$60

Use the following to answer question 7.

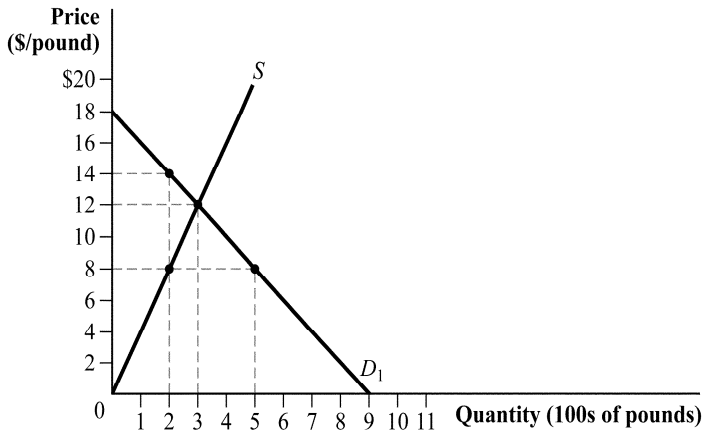
Figure 2.4



7. (Figure 2.4) At a price of \$2, there is an excess:
- A) supply of 4,000 pounds.
 - B) supply of 3,000 pounds.
 - C) demand of 3,000 pounds.
 - D) demand of 1,000 pounds.
8. In the blackberry market, the quantity demanded is given by $Q^D = 2,600 - 500P$, and the quantity supplied is given by $Q^S = -400 + 100P$. What are the equilibrium price and equilibrium quantity?
- A) \$5 and 100 pounds
 - B) \$4.25 and 3,000 pounds
 - C) \$2.50 and 900 pounds
 - D) \$1.80 and 2,200 pounds
9. A decrease in both demand and supply will cause a(n) _____ equilibrium price and a(n) _____ equilibrium quantity.
- A) uncertain effect on; decrease in
 - B) increase in; decrease in
 - C) increase in; uncertain effect on
 - D) decrease in; uncertain effect on

Use the following to answer question 10.

Figure 3.7



10. (Figure 3.7) If the government mandates a price ceiling of \$8 per pound, it causes a shortage of _____ and a deadweight loss of _____.
- A) 200 pounds; \$1,200 C) 300 pounds; \$600
B) 500 pounds; \$400 D) 300 pounds; \$300

Answer Key - S17-1

- 1. B**
- 2. A**
- 3. D**
- 4. D**
- 5. C**
- 6. B**
- 7. C**
- 8. A**
- 9. A**
- 10. D**