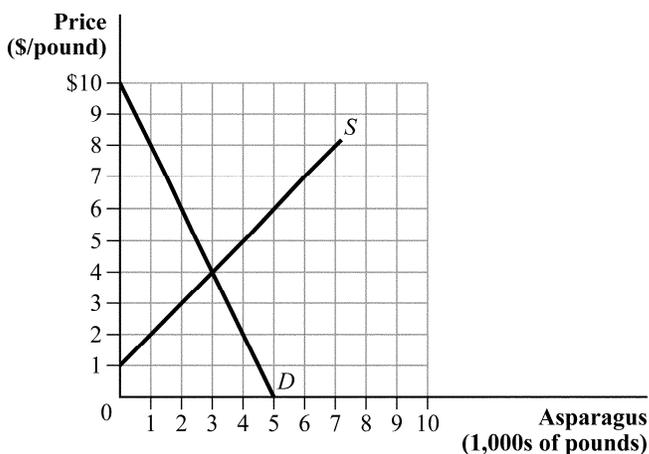


### Quiz #1, January 23, 2020

Use the answer sheet to answer the questions. Choose the best answer for each question. You may keep the exam booklet.

Use the following to answer question 1.

**Figure 2.4**



1. (Figure 2.4) At a price of \$2, there is an excess:  
A) supply of 4,000 pounds.                      C) demand of 3,000 pounds.  
B) supply of 3,000 pounds.                      D) demand of 1,000 pounds.
  
2. The price of baseball tickets increased by 5%, leading to a 3% decrease in the number of tickets sold. Given this specific situation, total expenditures on baseball tickets:  
A) fell.  
B) stayed the same.  
C) increased.  
D) could have increased, decreased, or stayed the same depending on the price elasticity of demand.

3. In the market for oranges, we observe that the equilibrium price increased and the equilibrium quantity increased. What could have caused this change?
- A) an increase in supply and a decrease in demand  
 B) an increase in demand  
 C) a decrease in supply  
 D) an increase in supply
4. If the supply curve is  $Q_S = 4P - 4$ , then the highest price at which no producer is willing to sell the good (i.e., the supply choke price) is:
- A) 1                                      B) 4                                      C) 3                                      D) 2
5. The demand for goats is  $Q = 15 - 2P$  and the supply of goats is  $Q = 2P - 5$ . The equilibrium price  $P^*$  and quantity  $Q^*$  of goats are:
- A)  $Q^* = 1, P^* = 3$ .    B)  $Q^* = 7, P^* = 4$ .    C)  $Q^* = 5, P^* = 5$ .    D)  $Q^* = 3, P^* = 6$ .
6. Justin purchased a Polar Express train set from Lionel Trains. He paid \$240 for the set and received consumer surplus of \$125. What was Justin's willingness to pay for the train set?
- A) \$115                                      B) \$240                                      C) \$250                                      D) \$365
7. In market  $A$ , a 4% increase in price reduces quantity demanded by 2%. In market  $B$ , a 3% increase in price reduces quantity demanded by 4%. The price elasticity of demand in market  $A$  and market  $B$  are considered \_\_\_\_\_ and \_\_\_\_\_, respectively.
- A) elastic; inelastic                                      C) perfectly elastic; unit elastic  
 B) inelastic; elastic                                      D) unit elastic; perfectly inelastic
8. The demand for a good is given by  $Q^D = 750 - 0.4P$ . What is consumer surplus at a price of \$80?
- A) \$644,405                                      B) \$57,440                                      C) \$1,875                                      D) \$71,800
9. 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

10. 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  
B) lowered; decreased  
C) lowered; increased  
D) raised; decreased

## Answer Key - S20-1

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