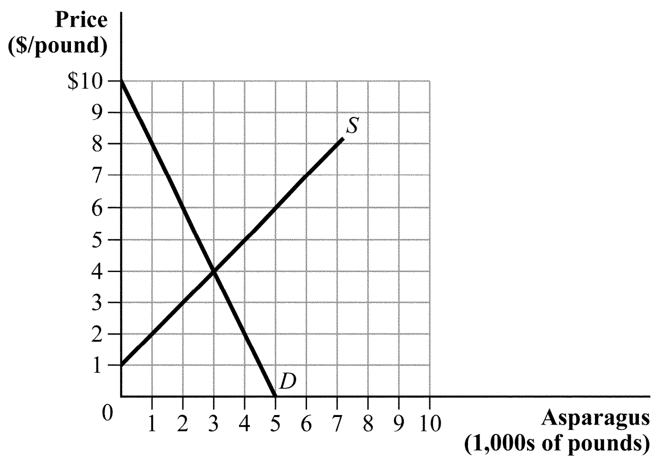
Quiz #1, September 9, 2021

You have until the end of class to complete the quiz. Answer the questions on the answer sheet. Pick the alternative that best completes the statement or answers the question. Be sure to write and bubble in your name and PantherID on the answer sheet. You may keep the test booklet.

Use the following to answer question 1.

Figure 2.4



1. (Figure 2.4) At a price of $6, there is an:

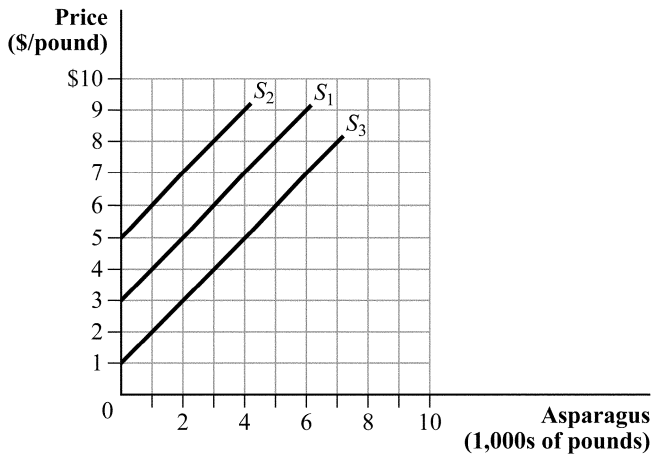
A) excess demand of 1,000 pounds.
B) excess supply of 4,000 pounds.
C) excess supply of 3,000 pounds.
D) excess demand of 3,000 pounds.

2. Tavist allergy pills sell for $25 a box. Steve, Brian, and Toby are willing to pay $36, $27, and $18, respectively, for a box of Tavist. What is the total consumer surplus for Steve, Brian, and Toby?

A) $81 **B)** $7 **C)** $11 **D)** $13

Use the following to answer question 3.

Figure 2.3



3. (Figure 2.3) An increase in quantity supplied could be indicated by:

A) the supply curve shifting from S_3 to S_2.

B) the supply curve shifting from S_1 to S_2.

C) the supply curve shifting from S_1 to S_3.

D) movement up and along supply curve S_1.

4. The inverse supply curve has equation $P = -24 + 2Q^S$ and the inverse demand curve is given by $P = 10 - Q^D$. Find the equilibrium price P^* and quantity Q^*.

A) $P^* = 0$ and $Q^* = 12$.

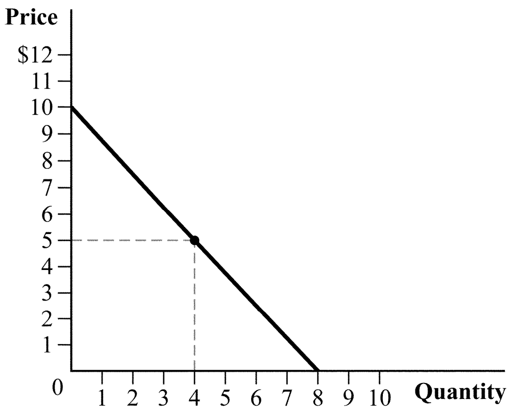
B) $Q^* = 0$ and $P^* = 10$.

C) There is no equilibrium.

D) $P^* = 0$ and $Q^* = 10$.

Use the following to answer question 5.

Figure 2.8



5. (Figure 2.8) Which of the following statements is TRUE?

I. The price elasticity of demand is less than 1 in absolute value at prices less than $5.

II. The price elasticity of demand is elastic at prices above $5.

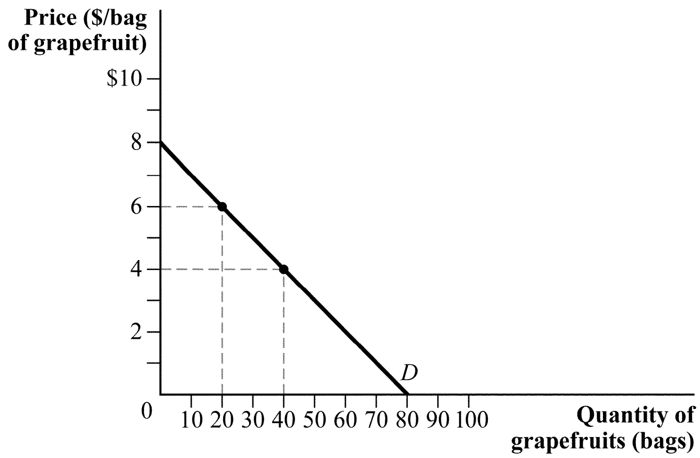
III. The price elasticity of demand is negative infinity at a price of $0.

IV. At $5, the price elasticity of demand is perfectly inelastic.

A) II and IV **B)** I, II, III, and IV **C)** III only **D)** I and II

Use the following to answer question 6.

Figure 3.1



6. (Figure 3.1) At a market price of $4, what is total consumer surplus?
A) $120 **B)** $320 **C)** $160 **D)** $80

7. 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) 5. **B)** 2. **C)** 10. **D)** 7.

8. In the supply and demand model, we assume that there are _____ buyers and _____ sellers in the market.
A) many; several **B)** several; several **C)** many; many **D)** several; many

9. In the blackberry market, the quantity demanded is given by $Q^D = 2{,}000 - 400P$, and the quantity supplied is given by $Q^S = -400 + 200P$. What are the equilibrium price and equilibrium quantity?
A) $5 and 100 pounds
B) $2.50 and 600 pounds
C) $1.50 and 1,600 pounds
D) $4 and 400 pounds

10. An increase in both demand and supply will cause a(n) _____ equilibrium price and a(n) _____ equilibrium quantity.
A) uncertain effect on; decrease in
B) uncertain effect on; increase in
C) increase in; decrease in
D) decrease in; uncertain effect on

Answer Key - F21-1

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