Elasticity: MCQ

Q. Which of the following two goods is more likely to be inelastically demanded?

1. Demand for tangerines
2. Demand for fruit

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1. Demand for tangerines
2. Demand for fruit

A. 2

Q. Which of the following two goods is more likely to be inelastically demanded?

1. Demand for beef next month
2. Demand for beef over the next decade

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1. Demand for beef next month
2. Demand for beef over the next decade

A. 1

Q. Which of the following two goods is more likely to be inelastically demanded?

1. Demand for Exxon gasoline at the corner of 7th and Grand
2. Demand for gasoline in the entire city

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1. Demand for Exxon gasoline at the corner of 7th and Grand
2. Demand for gasoline in the entire city

A. 2

Q. Which of the following two goods is more likely to be inelastically demanded?

1. Demand for insulin
2. Demand for vitamins

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1. Demand for insulin
2. Demand for vitamins

A. 1

Q. After a public information campaign highlighting that bacteria and other organisms cause and spread disease, will the demand curve for soap be more elastic or more inelastic?

1. More elastic
2. More inelastic

Q. After a public information campaign highlighting that bacteria and other organisms cause and spread disease, will the demand curve for soap be more elastic or more inelastic?

1. More elastic
2. More inelastic

A. 2

Q. After the invention of nuclear power plants, will the demand curve for coal power plants be more elastic or more inelastic?

1. More elastic
2. More inelastic

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1. More elastic
2. More inelastic

A. 1

Q. After more employers allow employees to telecommute, will the demand curve for cars be more elastic or more inelastic?

1. More elastic
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1. More elastic
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A. 1

Q. After an economic boom, will the demand curve for TVs be more elastic or more inelastic?

1. More elastic
2. More inelastic

Q. After an economic boom, will the demand curve for TVs be more elastic or more inelastic?

1. More elastic
2. More inelastic

A. 2

Q. During the Middle Ages, the African city of Taghaza quarried salt in 200-pound blocks to be sent to the salt market in Timbuktu, in present-day Mali. Travelers report that Taghazans used salt instead of wood to construct buildings. Compared with other towns without big salt mines, was the demand for wood more elastic or more inelastic in Taghaza?

1. More elastic
2. More inelastic

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1. More elastic
2. More inelastic

A. 1

Q. If the elasticity of demand for college textbooks is -0.1, and the price of textbooks increases by 20%, how much will the quantity demanded change, and in what direction?

1. The quantity demanded increases by 2%
2. The quantity demanded decreases by 20%
3. The quantity demanded decreases by 2%
4. The quantity demanded remains the same

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2. The quantity demanded decreases by 20%
3. The quantity demanded decreases by 2%
4. The quantity demanded remains the same

A. 3

Q. If the elasticity of demand for spring break packages to Cancun is -5, and if you notice that this year in Cancun the quantity of packages demanded increased by 10%, then what happened to the price of Cancun vacation packages?

1. The price fell by 10 percent
2. The price fell by 2 percent
3. The price increased by 2 percent
4. The price remained the same

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1. The price fell by 10 percent
2. The price fell by 2 percent
3. The price increased by 2 percent
4. The price remained the same

A. 2

Q. In your college town, real estate developers are building thousands of new student-friendly apartments close to campus. If you want to pay the lowest rent possible, should you hope that demand for apartments is elastic or inelastic?

1. Elastic
2. Inelastic

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1. Elastic
2. Inelastic

A. 2

Q. In your college town, the local government decrees that thousands of apartments close to campus are uninhabitable and must be torn down next semester. If you want to pay the lowest rent possible, should you hope that demand for apartments is elastic or inelastic?

1. Elastic
2. Inelastic

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1. Elastic
2. Inelastic

A. 1

Q. The long-run elasticity of oil demand has been estimated at -0.5. If the price of oil rises by 10%, how much will the quantity of oil demanded fall?

1. 5%
2. 0.5%
3. 2%
4. 20%

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1. 5%
2. 0.5%
3. 2%
4. 20%

A. 1

Q. The long-run elasticity of oil demand has been estimated at -0.5. Does a 10% rise in oil prices increase or decrease total revenues to the oil producers?

1. Increase
2. Decrease

Q. The long-run elasticity of oil demand has been estimated at -0.5. Does a 10% rise in oil prices increase or decrease total revenues to the oil producers?

1. Increase
2. Decrease

A. 1

Q. In the United States, the long-run elasticity of oil demand has been estimated at -0.5. Some policymakers and environmental scientists would like to see the United States cut back on its use of oil in the long run. We can use this elasticity estimate to get a rough measure of how high the price of oil would have to permanently rise in order to get people to make big cuts in oil consumption. How much would the price of oil have to permanently rise in order to cut oil consumption by 50

1. 5%
2. 25%
3. 50%
4. 100%

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1. 5%
2. 25%
3. 50%
4. 100%

A. 4

Q. France has the largest long-run elasticity of oil demand (–0.6) of any of the large, rich countries, according to Cooper's estimates. Does this mean that France is better at responding to long-run price changes than other rich countries, or does it mean France is worse at responding?

1. Better at respondin
2. Worse at responding

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1. Better at respondin
2. Worse at responding

A. 1

Q. The elasticity of demand is 0.2. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

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1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

A. 3

Q. The elasticity of demand is 2.0. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

Q. The elasticity of demand is 2.0. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

A. 2

Q. The elasticity of demand is 1.1. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

Q. The elasticity of demand is 1.1. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

A. 2

Q. The elasticity of demand is 0.9. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

Q. The elasticity of demand is 0.9. Is the demand curve relatively steep or flat? Will a fall in price raise total revenue or lower it? Note: we present the elasticity in terms of its absolute value.

1. Relatively steep; raise total revenue
2. Relatively flat; raise total revenue
3. Relatively steep; lower total revenue
4. Relatively flat; lower total revenue

A. 3

Q. Henry Ford famously mass-produced cars at the beginning of the twentieth century, starting Ford Motor Company. He made millions because mass production made cars cheap to make, and he passed some of the savings to the consumer in the form of a low price. Cars became a common sight in the United States thereafter. Keeping total revenue and its relationship with price in mind, do you expect the demand for cars to be elastic or inelastic given the story of Henry Ford?

1. Elastic
2. Inelastic

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1. Elastic
2. Inelastic

A. 1

Q. If house developers started to build lots of new residential buildings in your college town, would they prefer demand for apartments is elastic or inelastic? (Hint: Revenue = Price Quantity)

1. Elastic
2. Inelastic

Q. If house developers started to build lots of new residential buildings in your college town, would they prefer demand for apartments is elastic or inelastic? (Hint: Revenue = Price Quantity)

1. Elastic
2. Inelastic

A. 1

Q. If thousands of apartments are condemned in your college town, do landlords hope that demand for apartments is elastic or inelastic? (Once again, remember that Revenue = Price Quantity)

1. Elastic
2. Inelastic

Q. If thousands of apartments are condemned in your college town, do landlords hope that demand for apartments is elastic or inelastic? (Once again, remember that Revenue = Price Quantity)

1. Elastic
2. Inelastic

A. 2