**Appendix C**

**30-item multiple choice questions post-test (Frasca, 2007; MIT OpenCourseWare, 2011)**

Elasticity Quiz after viewing

1. The price elasticity of demand depends on

a. the units used to measure price but not the units used to measure quantity.

b. the units used to measure price and the units used to measure quantity.

c. the units used to measure quantity but not the units used to measure price.

d. neither the units used to measure price nor the units used to measure quantity.

1. The demand for food is most elastic in countries

a. with low income levels.

b. that are highly urbanized.

c. with intermediate income levels.

d. with high income levels.

1. Demand is perfectly inelastic when

a. the good in question has perfect substitutes.

b. shifts in the supply curve results in no change in price.

c. shifts of the supply curve results in no change in quantity demanded.

d. shifts of the supply curve results in no change in the total revenue from sales.

1. What is an example of a supply shock in the orange market that would enable us to estimate demand elasticity?

a. All of these.

b. A plant disease that hits orange crops.

c. A new government tax on orange growers.

d. An early frost in Florida that destroys crops.

1. Which of the following accurately characterize perfectly inelastic demand?

a. The demand curve is vertical but does not change regardless of what happens to price.

b. The demand curve is vertical.

c. The demand curve is horizontal.

d. Demand does not change regardless of what happens to price.

1. The demand for Honda Accords is

a. probably inelastic and less elastic than the demand for automobiles.

b. probably elastic but less elastic than the demand for automobiles.

c. probably elastic and more elastic than the demand for automobiles.

d. probably inelastic but more elastic than the demand for automobiles.

1. If the elasticity of demand for a good is sufficiently negative, firms may actually lose revenues when they raise the price of the good. Why is this?

a. The elasticity of demand changes.

b. Consumers substitute from other goods to buy this firm’s good.

c. The supply curve shifts in.

d. Fewer people buy the good at the higher price, and so overall revenues are lower.

1. The slope of a demand curve depends on

a. the units used to measure quantity but not the units used to measure price.

b. the units used to measure price and the units used to measure quantity.

c. the units used to measure price but not the units used to measure quantity.

d. neither the units used to measure price nor the units used to measure quantity.

1. Producers' total revenue will decrease if

a. the price rises and demand is inelastic.

b. income increases and the good is a normal good.

c. the price rises and demand is elastic.

d. income falls and the good is an inferior good.

1. A good with a vertical demand curve has a demand with

a. infinite elasticity.

b. unit elasticity.

c. zero elasticity.

d. varying elasticity.

1. Which of the following is likely to have the smallest price elasticity of demand?

a. a new Ford automobile

b. a new automobile

c. a new Ford Mustang

d. an automobile

1. A good with a horizontal demand curve has a demand

a. with an income elasticity of demand of 0.

b. with a price elasticity of demand of infinity.

d. for which there are no substitute.

d. with a price elasticity of demand of 0.

Refer to the following diagram to answer 13-15.



1. The figure above illustrates a linear demand curve. If the price falls from $8 to $6,

a. the quantity demanded will increase by less than 20 percent.

b. total revenue will remain unchanged.

c. total revenue will increase.

d. total revenue will decrease.

1. The figure above illustrates a linear demand curve. In the range from $8 to $6,

a. the demand is unit elastic.

b. the demand is price inelastic.

c. the demand is price elastic.

d. more information is needed to determine if the demand is price elastic, unit elastic, or

inelastic.

1. The figure above illustrates a linear demand curve. If the price falls from $6 to $4,

a. total revenue will decrease.

b. total revenue will increase.

c. quantity demanded will increase by more than 100 percent.

d. total revenue will remain unchanged.

1. Let’s say a researcher makes a study of patients in hospitals and finds they are much sicker than the average person in the population. Then he concludes that hospitals make patients sick. The researcher is mixing up two concepts; what are they?

a. Demand and supply.

b. Correlation and causation.

c. Theory and empirics.

d. Shifts along the demand curve and shifts in the demand curve.

1. The more substitutes available for a product,

a. the larger is its income elasticity of demand.

b. the smaller is its income elasticity of demand.

c. the smaller is its price elasticity of demand.

d. the larger is its the price elasticity of demand.

1. Of the following, demand is likely to be the least elastic for

a. Toyota automobiles.

b. compact disc players.

c. Ford automobiles.

d. toothpicks.

1. Of the following, demand is likely to be the least elastic for

a. pink grapefruit.

b. iceberg lettuce.

c. insulin for diabetics.

d. diamonds.

1. If a rise in the price of good B increases the quantity demanded of good A,

a. B is a substitute for A, but A is a complement to B.

b. A is a substitute for B, but B is a complement to A.

c. A and B are complements.

d. A and B are substitutes.

1. Supply is elastic if

a. a 1 percent change in price causes a larger percentage change in quantity supplied.

b. the good in question is a normal good.

c. the slope of the supply curve is positive.

d. a 1 percent change in price causes a smaller percentage change in quantity supplied

1. When do we expect to see a perfectly elastic demand curve?

a. When a good has many complements.

b. When a good has a perfect substitute.

c. When a good has no substitutes.

d. When there is limited supply of a good.

1. If at a given moment, no matter what the price, producers cannot change the quantity supplied, the momentary supply

a. has infinite elasticity.

b. has unit elasticity.

c. does not exist.

d. has zero elasticity.

1. The elasticity of supply measures the sensitivity of

a. supply to changes in costs.

b. quantity supplied to a change in price.

c. price to changes in supply.

d. quantity supplied to quantity demanded

1. An increase in subway fares in New York City will boost your expenditures on subway rides if

a. the supply of subway rides is elastic.

b. the supply of subway rides is inelastic.

c. your demand for subway rides is inelastic.

d. your demand for subway rides is elastic.

1. The demand for a good is elastic if

a. a decrease in its price results in a decrease in total revenue.

b. the good is a necessity.

c. an increase in its price results in an increase in total revenue.

d. an increase in its price results in a decrease in total revenue.

1. If a price decrease results in your expenditure on a good decreasing, your demand must be

a. unit.

b. inelastic.

c. linear.

d. elastic.

1. The route from Dallas to Mexico City is served by more than one airline. The demand for tickets from American Airlines for that route is probably

a. elastic and more elastic than the demand for all tickets for that route.

b. inelastic and less elastic than the demand for all tickets for that route.

c. elastic but less elastic than the demand for all tickets for that route.

d. inelastic but more elastic than the demand for all tickets for that route.

1. When the quantity of coal supplied is measured in kilograms instead of pounds, the demand for coal becomes

a. more elastic.

b. neither more nor less elastic.

c. less elastic.

d. undefined.

1. Demand is inelastic if

a. a leftward shift of the supply curve raises the total revenue.

b. the good in question has close substitutes.

c. the smaller angle between the vertical axis and the demand curve is less than 45 degrees.

d. large shifts of the supply curve lead to only small changes in price.