

Answers 😊

EE211 Section 1 Quiz 2 (August 30, 2023)

Name _____ Last 4 digits ID _____

Answers all following questions. Provide full explanation with graphs.

1. A good tends to have a small price elasticity of demand if
 - a. The good is a necessity.
 - b. There are many close substitutes.
 - c. The market is narrowly defined.
 - d. The long-run response is being measured.

2. An increase in a good's price reduces the total amount consumers spend on the good if the _____ elasticity of demand is _____ than one.
 - a. Income; less
 - b. Income; greater
 - c. Price; less
 - d. Price; greater

3. Because the demand curve for oil is _____ elastic in the long run, OPEC's reduction in the supply of oil had a _____ impact on the price in the long run than it did in the short run.
 - a. Less; smaller
 - b. Less; larger
 - c. more; smaller
 - d. more; larger

4. If the price elasticity of supply is zero, the supply curve is
 - a. Upward sloping
 - b. horizontal
 - c. vertical
 - d. fairly flat at low quantities but steeper at larger quantities