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