

Quiz 2 - ECN 143.01 - Fall 2009
Principles of Microeconomics - Dr. Allen
20 points

Name _____

Circle the letter corresponding to the correct response.

1. Demand can be said to be inelastic when
 - a. an increase in price results in no change in total revenue
 - b. a reduction in price results in a decrease in total revenue
 - c. a reduction in price results in an increase in total revenue
 - d. an increase in price results in a reduction in total revenue

2. Other things equal, the demand for a good will tend to be
 - a. more elastic, the larger the portion of consumers' income spent on the good
 - b. more elastic, the smaller the portion of consumer' income spent on the good
 - c. unaffected by the portion of the consumers' income spent on the good
 - d. less elastic, the more of the good consumers wish to buy at any given level of income

3. The market period is a length of time in which
 - a. all of the factors of production are available
 - b. the supply of a good is perfectly elastic
 - c. some of the factors of production can be changed, but at least one other cannot
 - d. none of the factors of production can be changed

4. An indifference curve shows
 - a. the maximum quantities of two products which a consumer can afford to buy, given prices and the consumer's income
 - b. the quantities of two products a consumer is willing to buy at different income levels
 - c. combinations of two products which yield the same marginal utilities
 - d. all combinations of two products from which the consumer derives the same total utility

5. The cross-price elasticity of demand for substitute goods is
 - a. greater than zero
 - b. less than zero
 - c. equal to zero
 - d. positive or negative, depending on whether the goods are normal or inferior