

PPSC Economics Topic 6 Economics Model

Sr	Questions	Answers Choice
1	If the price of automobiles were to decrease substantially the demand curve for public transportation would most likely.	A. shift rightward B. Shift leftward C. Remain unchanged D. Remain unchanged while quantity demanded would change
2	Most Microeconomic models assume that decision makers wish to.	A. Make themselves as well off as possible B. Act selfishly C. Not cooperate with others D. None of the above
3	Equilibrium is defined as a situation in which.	A. Neither buyers nor sellers want to change their behavior B. No government regulations exist C. Demand curves are perfectly horizontal D. suppliers will supply and amount that buyers wish to buy
4	If government regulations prohibit the production of a particular good the demand curve for that good will most likely.	A. Shift leftward B. Shift rightward C. Remain unchanged D. Disappear
5	If the price of orange juice rises 10% and as a result the quantity demanded falls by 8% the price elastic of demand for orange juice is.	A. -1.25 B. Inelastic C. Both a and b D. Neither A nor B above
6	For a given positively sloped supply curve the price increase to consumers resulting from a specific tax imposed on sellers will be.	A. Greater the more price elastic demand is B. Greater the less price elastic demand is C. Equal to the entire tax when demand is perfectly elastic D. Equal to half of the tax whenever demand is unit elastic
7	A vertical demand curve for a particular good implies that consumers are.	A. Sensitive to changes in the price of that good B. Not sensitive to changes in the price of that good. C. Irrational D. Not interested in that good
8	Consumers and firms are known as price takers only if	A. No market exists to determine the equilibrium price B. they can set the market price C. They cannot effect the market price D. Excess demand exists
9	The percentage change in the quantity demanded in response to a percentage change in the price is known as the.	A. slope of the demand curve B. Excess demand C. Price elasticity of demand D. All of the above
10	If price is initially above the equilibrium level.	A. the supply curve will shift rightward B. The supply curve will shift leftward C. Excess supply exists D. All firms can sell as much as they want
11	A specific tax on sellers will	A. shift the demand curve to the right B. Shift the demand curve the left C. Shift the supply curve to the right D. Shift the supply curve to the left
12	If the price of automobile were to decrease substantially the demand curve for automobiles would most likely.	A. shift rightward B. Shift leftward C. Remain unchanged D. Become steeper
		A. Shifting the demand curve leftward

13	As the price of a good increases, the change in the quantity demanded can be shown by	<p>B. Shifting the demand curve rightward</p> <p>C. Moving down along the same demand curve</p> <p>D. Moving up long the same demand curve</p>
14	If a government imposed price ceiling causes the observed price in a market to be below the equilibrium price.	<p>A. There will be excess demand</p> <p>B. There will be excess supply</p> <p>C. The curves will shift to make a new equilibrium at the regulated price</p> <p>D. None of the above</p>
15	The expression increase in quantity supplied is illustrated graphically as a.	<p>A. Leftward shift in the supply curve</p> <p>B. Rightward shift in the supply curve</p> <p>C. Movement up long the supply curve</p> <p>D. Movement down along the supply curve</p>
16	It is appropriate to use the supply and demand model if in a market.	<p>A. Everyone is a price taker with full information about the price and quantity of the good.</p> <p>B. Firms sell identical products</p> <p>C. Costs of trading are low</p> <p>D. All of the above</p>
17	A vertical demand curve results in.	<p>A. No change in quantity when the supply curve shifts.</p> <p>B. No change in price when the supply curve shifts</p> <p>C. No change in the supply curve being possible</p> <p>D. No change in quantity when the demand curve shifts.</p>
18	If the price of automobiles were to increase substantially the demand curve for gasoline would most likely	<p>A. Shift leftward</p> <p>B. Shift right ward</p> <p>C. Become flatter</p> <p>D. Become steeper</p>
19	A competitive equilibrium is described by	<p>A. A price only</p> <p>B. A quantity only</p> <p>C. The excess supply minus the excess demand.</p> <p>D. A price and a quantity</p>
20	An increases in the demand curve for orange juice would be illustrated as a.	<p>A. Leftward shift of the demand curve</p> <p>B. Right ward shift of the demand curve</p> <p>C. Movement up along the demand curve</p> <p>D. Movement down along the demand curve</p>