Quiz 7 | Price controls/Welfare

- Due Feb 27 at 11:59pm
- Points 20
- Questions 20
- Time Limit None
- Allowed Attempts 2

Take the Quiz Again

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	11 minutes	19 out of 20

Correct answers are hidden.

Score for this attempt: 19 out of 20

Submitted Feb 27 at 3:09pm

This attempt took 11 minutes.

Question 1

1 / 1 pts

Laws that the government enacts to regulate prices

- ○ are called market tax controls.
- ◉ are known as price controls.
- ○ are only used to keep the prices of necessities low.
- ○ are illegal.

Question 2

1 / 1 pts

An effective price ceiling will

- ○ be imposed at the equilibrium price.
- ◉ be imposed at a price below the equilibrium price.
- ○ result in a surplus.
- ○ be most useful if imposed at a price above the equilibrium.

Question 3

1 / 1 pts

The notion of consumer's surplus suggests that

- ○ consumers will buy different amounts of goods and services at alternative income levels.
- ○ consumers would like to have any good if it were available through a surplus and was therefore free.
- ◉ the willingness to pay of the buyer can differ from the price the buyer actually pays.
- ○ the buyer will always pay the most they are willing to pay for any good or service.

Question 4

1 / 1 pts

The extra benefit a producer gets from selling a good, beyond the price they would be willing to accept, is known as

- ◉ producer surplus.
- ○ social surplus.
- ○ producer benefit.
- ○ consumer benefit.

Question 5

1 / 1 pts

When economists talk about ___________________________, they are referring to a measure of responsiveness of one variable to changes in another.

- ○ tax incidence
- ○ price controls
- ◉ elasticity
- ○ explicit costs

Question 6

1 / 1 pts

As the size of a tax on a good increases, the size of the deadweight loss typically

- ○ increases at a constant rate.
- ○ decreases steadily.
- ◉ increases at an increasing rate.
- ○ increases and then decreases.

Question 7

1 / 1 pts

When economists are sketching examples of demand and supply, it is common to sketch a demand or supply curve that is close to vertical, and then to refer to that curve as

- ○ Unitary elasticity
- ○ Income elasticity
- ○ Elastic
- ◉ Inelastic

Question 8

1 / 1 pts

The price elasticity of demand measures the

- ◉ Responsiveness of quantity demanded to a change in price.
- ○ Responsiveness of quantity demanded to a change in income.
- ○ Responsiveness of quantity demanded to a change in quantity supplied.
- ○ Responsiveness of price to a change in quantity demanded.

Question 9

1 / 1 pts

Looking at the welfare implications of a price floor in a market for a specific good or service, a price floor will cause

- ○ the price to change, but no change in the consumer or producer surplus.
- ◉ consumer surplus to be transferred to producers.
- ○ a decrease in both producer and consumer surplus.
- ○ producer surplus to be transferred to consumers.

Question 10

1 / 1 pts

If a demand curve is perfectly inelastic, the curve

- ○ is upward sloping.
- ◉ is vertical.
- ○ has a negative slope.
- ○ is horizontal.

IncorrectQuestion 11

0 / 1 pts

How a tax burden is divided between consumers and producers is called

- (selected) society's tax burden.
- tax experience.
- tax relevence.
- comparative advantage.
- tax incidence.

Question 12

1 / 1 pts

Consider a market with an equilibrium price of $10. If the government imposes a price ceiling of $8, other things equal, the following will result:

- (selected) A shortage will occur because the price ceiling is below the equilibrium price.
- A surplus will occur because the price ceiling is above the equilibrium price.
- A surplus will occur because the price ceiling is below the equilibrium price.
- A shortage will occur because the price ceiling is above the equilibrium price.
- The price ceiling will not affect the market; it will remain at equilibrium.

Question 13

1 / 1 pts

Assume that the supply curve for undeveloped land is relatively inelastic. A tax levied on undeveloped land will

- fall equally on the buyers and sellers of the land.
- fall mostly on the buyers and only somewhat on the sellers.
- (selected) fall mostly on the sellers and only somewhat on the buyers.
- fall only on the sellers of the land.
- fall only on the buyers of the land.

Question 14

1 / 1 pts

Demand is said to be ____________ when the quantity demanded is very responsive to changes in price.

- ○ unit elastic
- ○ inelastic
- ◉ elastic
- ○ independent

Question 15

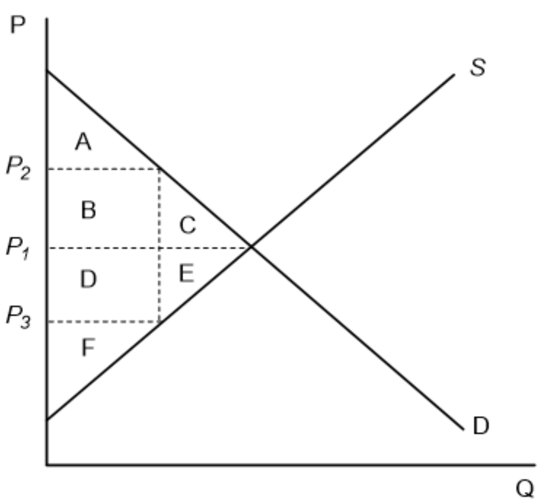
1 / 1 pts

A market is most efficient when

- ◉ social (or economic) surplus is maximized.
- ○ producer surplus is greater than social surplus.
- ○ consumer surplus is greater than producer surplus.
- ○ consumer surplus is equal to producer surplus.

Question 16

1 / 1 pts

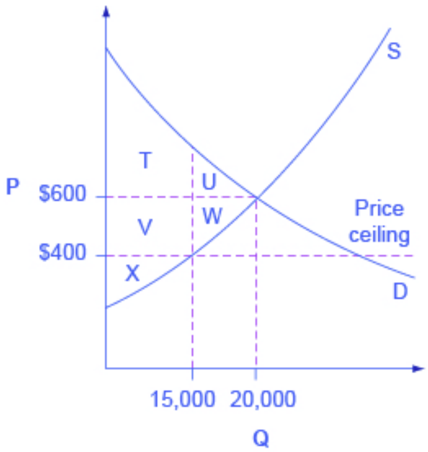


If the market price is P_1, consumer surplus is equal to

- ◉ area A + B + C.
- ○ area A + B + C + D + E + F
- ○ area A + B.
- ○ area A + C.
- ○ area A.

Question 17

1 / 1 pts



If a price ceiling is set at $400, the

- ○ consumers' surplus becomes area T.
- ◉ producers' surplus falls to area X.
- ○ deadweight loss is area U + V + W.
- ○ producers' and consumers' surplus are equal.

Question 18

1 / 1 pts

The loss in total surplus that occurs when a market produces an inefficient quantity is called

- ○ the social surplus.
- ◉ deadweight loss.
- ○ an elasticity loss.
- ○ consumer surplus.

Question 19

1 / 1 pts

Perhaps the best known example of a _________________ is ___________________.

- ○ price ceiling ; the minimum wage
- ○ government tax imposed ; a price floor
- ◉ price floor ; the minimum wage
- ○ price floor ; rent control

Question 20

1 / 1 pts

Consider a market with an equilibrium price of $10. If the government imposes a price ceiling of $12, other things equal, the following will result:

- ○ A surplus will occur because the price ceiling is below the equilibrium price.
- ○ A shortage will occur because the price ceiling is above the equilibrium price.
- ◉ The price ceiling will not affect the market; it will remain at equilibrium.
- ○ A surplus will occur because the price ceiling is above the equilibrium price.

Quiz Score: 19 out of 20