

### MCQ

1. Perfectly elastic demand is \_\_\_\_\_  
(a) **horizontal**
2. Perfectly inelastic demand is \_\_\_\_\_  
(b) **vertical**
3. Perfectly elastic supply is \_\_\_\_\_  
(a) **horizontal**
4. Perfectly inelastic demand is \_\_\_\_\_  
(b) **vertical**
5. The more time consumers have to adjust to a price change, the \_\_\_\_\_ is the demand for that good.  
(b) **more elastic**
6. The less time consumers have to adjust to a price change, the \_\_\_\_\_ is the demand for that good.  
(a) **more inelastic/ less elastic**
7. If there is a 1 percent price cut increases the quantity demanded by 1 percent then demand is \_\_\_\_\_  
(c) **unit elastic**
8. If there is a 1 percent price cut increases the quantity demanded by 2 percent then demand is \_\_\_\_\_  
(a) **elastic**
9. If there is a 1 percent price cut increases the quantity demanded by 0.8 percent then demand is \_\_\_\_\_  
(b) **inelastic**
10. Cross price elasticity of demand for complementary goods is \_\_\_\_\_  
(c) **negative**
11. Suppose that two goods have a cross-price elasticity of demand of 0.8. This means that these goods are \_\_\_\_\_  
(d) **Substitute**
12. A perfectly inelastic demand is represented graphically by a:  
(c) **vertical demand curve**
13. Demand tends to be more inelastic if the good is a \_\_\_\_\_  
(b) **necessary good**
14. Suppose that consumers' income rise by 2% and this causes demand for a good to increase by 6%. What is the income elasticity of demand?  
(b) **3**