This quiz was locked Feb 10 at 1:50pm.

Attempt History

	Attempt	Time	Score	Regraded
LATEST	[Attempt 1](#)	80 minutes	25.5 out of 30 *	26.5 out of 30 *

* Some questions not yet graded

⊘ Correct answers are no longer available.

Score for this quiz: **26.5** out of 30 *
Submitted Feb 10 at 1:47pm
This attempt took 80 minutes.

Question 1   1 / 1 pts

Assuming Top Ramen is an inferior good, you would buy _____ Top Ramen as
your _____.

○ less ; income decreases

○ less ; demand increases

◉ less ; income increases

○ more ; income increases

Question 2   1 / 1 pts

A regressive tax:

○ takes the same share of income regardless of the taxpayer's level of income.

◉ takes a smaller share of the income of high-income taxpayers than of low-income income taxpayers.

○ takes a larger share of the income of high-income taxpayers than of low-income taxpayers.

○ takes a lower percentage of income as income decreases.

Question 3   1 / 1 pts

The burden of a tax on a good falls at least partially on consumers if:

○ consumer demand for the good is perfectly elastic

◉ consumer demand for the good is **not** perfectly elastic.

○ the wages received by the consumers who purchase the good increase.

○ the price paid by consumers for the good declines.

Question 4   1 / 1 pts

Assume that scientists discover that eating pickles increases metabolism and reduces the chances of developing type 2 diabetes. In the market for pickles this would cause the _____ curve to shift to the _____ due to a change in _____.

◉ demand; right; consumer preferences

○ supply; right; quantity demanded

○ demand; right; supply

○ demand; left; quantity demanded

Question 5
1 / 1 pts

If demand is downward sloping, a shift of the supply curve to the right, all other things unchanged, will:

◉ decrease equilibrium price and increase equilibrium quantity.

○ decrease equilibrium price and quantity.

○ increase equilibrium price and increase equilibrium quantity.

○ decrease equilibrium quantity and increase equilibrium price.

Question 6
1 / 1 pts

Use Figure: Rent Controls in the Market for Apartments in New York City. If New York City institutes a price ceiling of $900 per unit, there would be a _____ of _____ rental units. (Note: assume rental units are in millions of units)
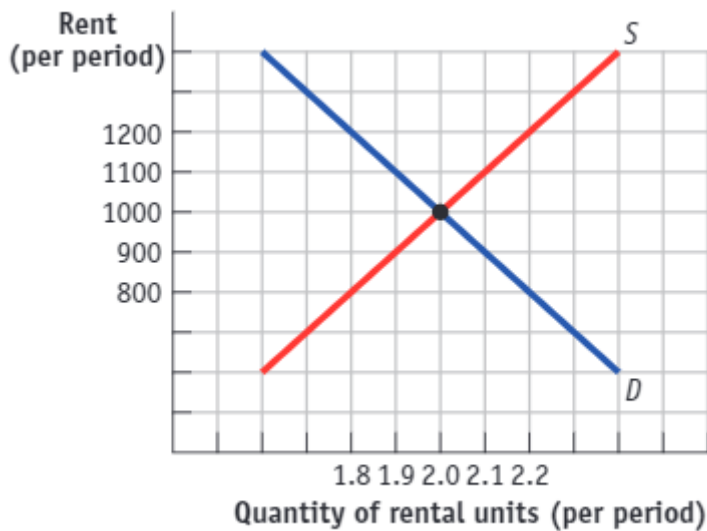
○ surplus; 2.0 million units

◉ shortage; 0.2 million units

○ shortage; 0.1 million units

○ shortage; $100

Question 7   Original Score: 0 / 1 pts **Regraded Score: 1 / 1 pts**

⚠ **This question has been regraded.**

The next table shows each consumer's willingness to pay for tickets to a New York Rangers Hockey game. Assume that each consumer wants to buy, at most, one pair of tickets. If the price of a pair of hockey tickets is $145, how many pairs will be purchased?

Table: Willingness to Pay for Hockey Tickets	
Consumer	**Willingness to Pay**
Avery	$150
Isabella	140
Randolph	120
Ramona	100
Jericho	80

○ none

◉ one

○ four

○ three

Incorrect

Question 8   0 / 1 pts

Use Figure: The Linear Demand Curve for Golf Balls. If you increase the price of your golf balls from $7 to $8, your total revenue before the price change is _____ than total revenue after the price change. You thus conclude that the price elasticity of demand is _____ in this price range.

○ higher; elastic

○ lower; elastic

◉ higher; inelastic

○ lower; inelastic

Question 9   1 / 1 pts

If the income elasticity of electric cars is positive:

◉ electric cars are a normal good.

○ electric cars are an inferior good.

○ there are many substitutes for electric cars.

○ there are few substitutes for electric cars.

Question 10   1 / 1 pts

If the price of peppermint tea increases and the demand for honey decreases, we can assume that these two goods are:

○ substitutes.

◉ complements.

○ inferior.

○ unrelated.

Incorrect

Question 11   0 / 1 pts

If the price of cinnamon rolls decreases from $2.04 to $1.60, and the quantity demanded of cinnamon rolls increases from 185 rolls to 225 rolls, then the price elasticity, obtained using the midpoint method, is:

○ 1.24

○ 0.81

○ 0.50

○ 0

Question 12   1 / 1 pts

The opportunity cost of producing a good:

○ is the amount of the good that you gain in production.

○ is the price of a good in the market.

○ increases as production decreases.

◉ is the most valuable thing you give up to produce the good.

Question 13   1 / 1 pts

The price elasticity of demand for wheat in Transylvania is 1.8. If a drought destroys 33% of the nation's wheat crop, how will that affect total revenue from wheat, all other things equal?

     ◉ Total revenue will fall.

     ○ Total revenue will rise.

     ○ Total revenue will remain unchanged.

     ○ The information is insufficient to answer the question.

Question 14   1 / 1 pts

Diddy Riese produces only two goods: cookies and ice cream. If *Diddy Riese* is producing on its production possibility frontier, as cookies production increases, the production of ice cream will:

     ◉ decrease at some rate.

     ○ increase at an increasing rate.

     ○ decrease at a necessarily decreasing rate.

     ○ remain unchanged.

Question 15   1 / 1 pts

Consider the market of oranges where the demand curve is perfectly elastic. If a frost destroys much of the oranges crop, assuming a positively sloped supply curve, total surplus in the oranges market:

     ○ will increase.

     ○

     may change, but we cannot determine the change without more information.

⊙ will decrease.

○ will not change.
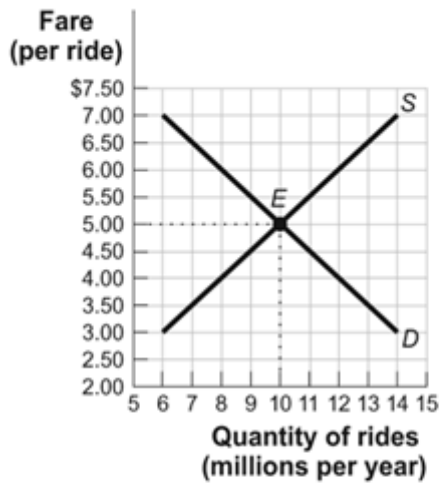
Question 16   1 / 1 pts

The following Figure and Table show the Market for Taxi Rides. If the government imposes a tax of 20% per ride (with respect to the equilibrium price), then people who ride taxis will pay $_____ of the total amount of the tax.

Figure and Table: The Market for Taxi Rides

Fare (per ride)	Quantity Demanded (millions of rides per year)	Quantity Supplied (millions of rides per year)
$7.00	6	14
6.50	7	13
6.00	8	12
5.50	9	11
5.00	10	10
4.50	11	9
4.00	12	8
3.50	13	7
3.00	14	6

⊙ $0.50

○ Uncertain

○ $0.25

○ $0.00

○ $1.00

Question 17   1 / 1 pts

A new article found that plastic bottles may leach cancer-causing particles into the containers if they're scratched or heated. As a result of this research being available to general public, you would expect:

○ the quantity demanded of such containers to increase.

○ no effect.

○ the price of the containers to change because of a movement along the demand curve.

◉ the demand for such containers to decrease.

Question 18   1 / 1 pts

If an economy is producing a level of output that is on its production possibility frontier, the economy has:

(Idle: not working or active)

◉ no idle resources and is using resources efficiently.

○ no idle resources but is using resources inefficiently.

○ idle resources but is using resources efficiently.

○ idle resources.

## Question 19   Original Score: 1 / 1 pts **Regraded Score: 1 / 1 pts**

> ⓘ **This question has been regraded.**

Suppose the cross-price elasticity between peanut butter and bread is 1.5. If the price of the bread decreases by 10%, then the quantity demanded of peanut butter will:

- ◉ decrease by 15%

- ○ increase by 15%

- ○ decrease by 1.5%

- ○ increase by 1.5%

Question 20   1 / 1 pts

The following figure represents the Market for Cappuccinos at UCLA. The university is concerned about their student's caffeine consumption, so they assess a tax of $0.75 on each cappuccino. After the tax, what happens to the price for cappuccinos?
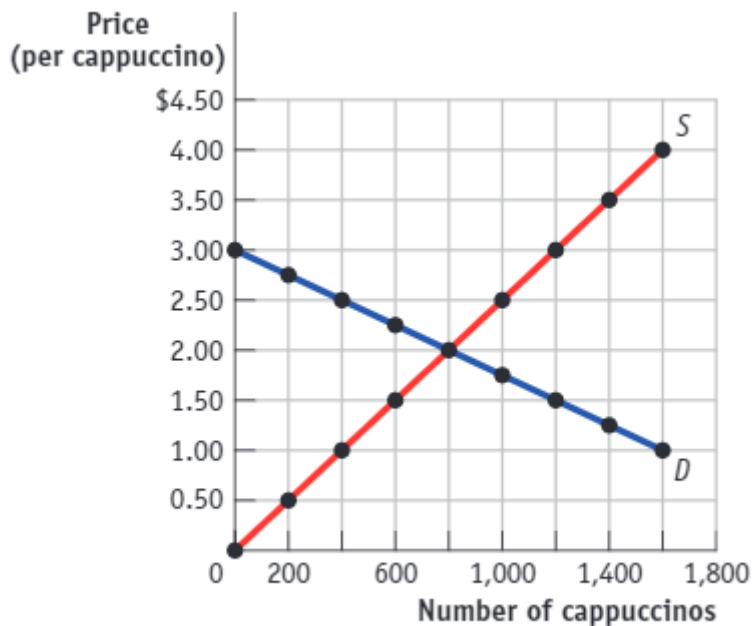
○ increase from $2 to $2.50

◉ increase from $2 to $2.25

○ increase from $2 to $2.75

○ change, but we cannot determine by how much.

Question 21   2 / 1 pts

Type your response to each question in the box below.

Quantity supplied and demanded at a given price are given by the following table. Assume the demand and supply curves are linear. *Hint: It may help you to draw the supply and demand graph even if you cannot submit it in your solutions.*

(a) What is the equilibrium price and quantity in the market?

(b) What is the consumer surplus?

Price (in dollars)	Quantity Demanded	Quantity Supplied

0	100	40
25	80	50
50	60	60
75	40	70
100	20	80
125	0	90

Your Answer:

a. The equilibrium price in the market is $50 and the equilibrium quantity in the market is 60. This is because equilibrium is where quantity supplied and demanded are equal.

b. The consumer surplus is $2250. We know that the supply and demand curves are linear so we can plot this and calculate the size of the Consumer Surplus triangle area.

60 * (125-50) * .5 = $2250

Question 22   1 / 1 pts

Type your response to each question in the box below.

In November 2016, California passed Proposition 64, the Adult Use Marijuana Act (AUMA), legalizing recreational marijuana use for adults 21 years of age or older. Assume the demand curve is downward sloping and the supply curve is upward sloping.

(a) What do you think happens to Q* in the marijuana market short-run after AUMA is passed? (increases, decreases, or stays the same?). I suggest you draw the standard supply/demand framework on your scratch paper to figure this out.

(b) What do you think happens to P* in the marijuana market short-run after AUMA is passed? (increases, decreases, or stays the same?). I suggest you draw the standard supply/demand framework on your scratch paper to figure this out.

Your Answer:

a. If using marijuana for adults 21 years or older is legalized, the demand for marijuana would increase. This would result in an increasing Q* in the short-run after AUMA is passed since the demand curve would shift outwards.

b. P* would also increase if demand for marijuana increases. As the demand curve shifts outwards the equilibrium price increases.
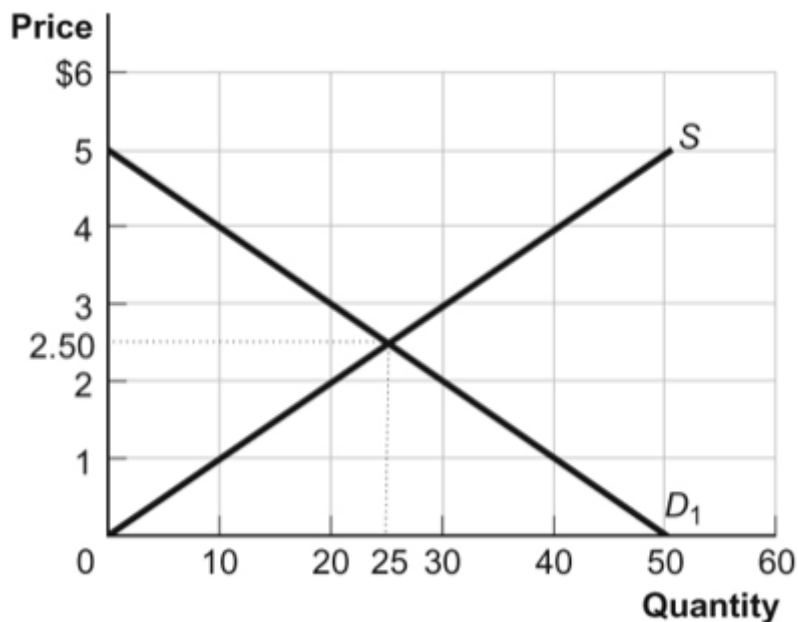
> The shift is on the supply curve.

Question 23   5 / 1 pts

Type your response to each question in the box below.

Use the following figure to answer this question.

Figure: The Market for Wheat

Assume the government puts a price floor on wheat markets at $3.

(a) Is the price floor binding? Why or why not?

(b) Under the price floor, what is the consumer surplus?

(c) Under the price floor, what is the producer surplus?

(d) What is the deadweight loss?

(e) Did producer surplus increase or decrease with price floor?

Your Answer:

a. Yes, the price floor is binding because $3 is above the equilibrium price of $2.50. By constricting the market price to be $3 or above with the price floor, it would force the market to go out of equilibrium, incurring deadweight loss and creating a binding price floor.

b. Under the price floor, consumer surplus would be $20. This is calculated by 20*.5*(5-3)

c. Under the price floor, the producer surplus would be $40. This is calculated by (1*20)+(2*20*.5).

d. The deadweight loss would be $2.50

e. The producer surplus increased with the price floor (Going from $31.25 to $40)

Question 24   0.5 / 1 pts

The table below shows each student's opportunity cost of selling a ticket to
Adele's show in Las Vegas. Assume that each student has one ticket to sell. If the
price of a ticket to Adele is $55, the total producer surplus for the five students is:

Producer Surplus & Adele Tickets	
Student	**Opportunity Cost**
Diana	$1
Maria	30
Wanda	50
Laurelyn	100
Manisha	150

Your Answer:

The total producer surplus would be **-$56.**

Diana has a producer surplus of $54

Maria has a producer surplus of $25

Wanda has a producer surplus of $5

Laurelyn has a producer surplus of -$45

Manisha has a producer surplus of -$95

Adding these up gives us a total surplus of -$56.

Quiz Score: **26.5** out of 30