

Econ 101 Class 6 Questions

1. Given the displayed demand and supply data, equilibrium price and quantity are:

- A. \$3.00, 200
- B. \$1.50, 200
- C. \$2.25, 125
- D. \$2.25, 75
- E. None of the Above \*\*

Price	Quantity Demanded	Quantity Supplied
\$4.00	10	300
\$3.75	15	275
\$3.50	20	250
\$3.25	25	225
\$3.00	30	200
\$2.75	35	175
\$2.50	50	150
\$2.25	75	125
\$2.00	100	100
\$1.75	125	75
\$1.50	200	50
\$1.25	250	0
\$1.00	400	0

2. Which of the following correctly describes the effects of binding price floors and ceilings on markets?

- A. A price floor causes quantity demanded to exceed quantity supplied.
- B. A price ceiling leads buyers to compensate sellers in alternative ways. \*\*
- C. A price ceiling causes quantity supplied to exceed quantity demanded.
- D. A price floor leads buyers to compensate sellers in alternative ways.

3. A sale on Subway sandwiches will cause a (an) \_\_\_\_\_ in the equilibrium price and a (an) \_\_\_\_\_ in the equilibrium quantity of pizza.

- A. Increase, increase
- B. Increase, decrease
- C. Decrease, increase
- D. Decrease, decrease \*\*

4. An increase in the price of Mozzarella cheese will cause a (an) \_\_\_\_\_ in the equilibrium price and a (an) \_\_\_\_\_ in the equilibrium quantity of pizza.

- A. Increase, Increase
- B. Increase, Decrease \*\*
- C. Decrease, Increase
- D. Decrease, Decrease

5. Which of the following could account for falling rents in Manhattan in 2009? Rents in Manhattan fell because...

- A. Rent ceilings on Manhattan apartments were eliminated.
- B. Rent floors on Manhattan apartments were raised.
- C. Incomes of Manhattan consumers fell due to the recession. \*\*
- D. Several large Manhattan apartment buildings were demolished to make a new subway line.