

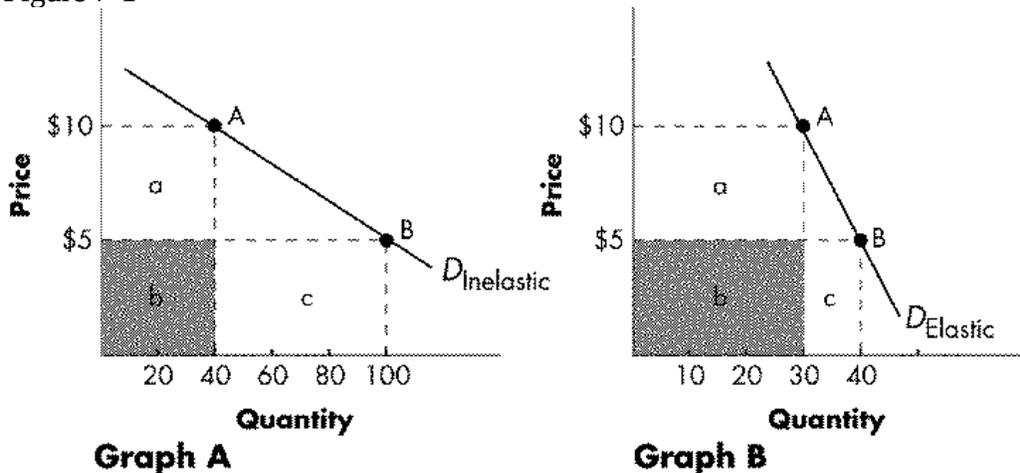
Name: \_\_\_\_\_ Date: \_\_\_\_\_

1. What name is given to the highly inelastic case in which a percentage change in price, no matter how large, results in zero change in the quantity demanded or supplied?
  - A) Elasticity
  - B) Inelastic
  - C) Zero elasticity
  - D) Normal good
  
2. A demand or supply curve with \_\_\_\_\_ would be horizontal in appearance.
  - A) unitary elasticity
  - B) zero elasticity
  - C) infinite elasticity
  - D) infinite cost elasticity
  
3. What is meant by elasticity of supply?
  - A) The percentage change in quantity supplied divided by the percentage change in price.
  - B) The elasticity calculated from the appropriate formula has an absolute value less than 1.
  - C) The highly inelastic case in which a percentage change in price, no matter how large, results in zero change in the quantity demanded or supplied.
  - D) The extremely elastic situation where quantity changes by an infinite amount in response to even a tiny change in price.
  
4. The elasticity of supply is defined as the \_\_\_\_\_ change in quantity supplied divided by the \_\_\_\_\_ change in price.
  - A) total; percentage
  - B) percentage; marginal
  - C) marginal; percentage
  - D) percentage; percentage
  
5. If the supply curve for housing is perfectly inelastic, a reduction in demand will cause the equilibrium price to:
  - A) rise and the equilibrium quantity to fall.
  - B) rise and the equilibrium quantity to stay the same.
  - C) fall and the equilibrium quantity to fall.
  - D) fall and the equilibrium quantity to stay the same.

6. Which of the following characteristics relate to elasticity of supply?
- A) The percentage change in hours worked divided by the percentage change in wages.
  - B) The percentage change in quantity supplied divided by the percentage change in price.
  - C) The elasticity calculated from the appropriate formula has an absolute value less than 1.
  - D) The extremely elastic situation where quantity changes by an infinite amount in response to even a tiny change in price.
7. Which of the following refers to the elasticity calculated from the appropriate formula has an absolute value greater than 1?
- A) Elastic
  - B) Cross-price elasticity of demand
  - C) Inelastic
  - D) Zero elasticity
8. What term is used to describe the highly inelastic case in which a percentage change in price, no matter how large, results in zero change in the quantity demanded or supplied?
- A) Inelasticity of supply
  - B) Elasticity of demand
  - C) Zero elasticity
  - D) Elasticity of supply

Use the following to answer question 9:

Figure 7-1



9. Refer to Figure 7-1. With reference to Graph A, at a price of \$10, total revenue equals:
- A) \$1,000.
  - B) \$500.
  - C) \$400.
  - D) \$200.
10. What name is given to the extremely elastic situation where quantity changes by an infinite amount in response to even a tiny change in price?
- A) Elasticity of demand
  - B) Elasticity of supply
  - C) Inelastic
  - D) Infinite elasticity