**Appendix A**

**10-item multiple choice questions pre-test (Frasca, 2007; MIT OpenCourseWare, 2011)**

Elasticity Quiz

1) Which of the following accurately characterize perfectly inelastic demand?

a. The demand curve is vertical but does not change regardless of what happens to price.

b. The demand curve is vertical.

c. The demand curve is horizontal.

d. Demand does not change regardless of what happens to price.

2) When do we expect to see a perfectly elastic demand curve?

a. When a good has many complements.

b. When a good has a perfect substitute.

c. When a good has no substitutes.

d. When there is limited supply of a good.

3) Let’s say a researcher makes a study of patients in hospitals and finds they are much sicker than the average person in the population. Then he concludes that hospitals make patients sick. The researcher is mixing up two concepts; what are they?

a. Demand and supply.

b. Correlation and causation.

c. Theory and empirics.

d. Shifts along the demand curve and shifts in the demand curve.

4) If the elasticity of demand for a good is sufficiently negative, firms may actually lose revenues when they raise the price of the good. Why is this?

a. The elasticity of demand changes.

b. Consumers substitute from other goods to buy this firm’s good.

c. The supply curve shifts in.

d. Fewer people buy the good at the higher price, and so overall revenues are lower.

5) What is an example of a supply shock in the orange market that would enable us to estimate demand elasticity?

a. All of these.

b. A plant disease that hits orange crops.

c. A new government tax on orange growers.

d. An early frost in Florida that destroys crops.

6. When the quantity of coal supplied is measured in kilograms instead of pounds, the demand for coal becomes

a. more elastic.

b. neither more nor less elastic.

c. less elastic.

d. undefined.

7. An increase in subway fares in New York City will boost your expenditures on subway rides if

a. the supply of subway rides is elastic.

b. the supply of subway rides is inelastic.

c. your demand for subway rides is inelastic.

d. your demand for subway rides is elastic.

8. The demand for Honda Accords is

a. probably inelastic and less elastic than the demand for automobiles.

b. probably elastic but less elastic than the demand for automobiles.

c. probably elastic and more elastic than the demand for automobiles.

d. probably inelastic but more elastic than the demand for automobiles.

9. Which of the following is likely to have the smallest price elasticity of demand?

a. a new Ford automobile

b. a new automobile

c. a new Ford Mustang

d. an automobile

10. Demand is inelastic if

a. a leftward shift of the supply curve raises the total revenue.

b. the good in question has close substitutes.

c. the smaller angle between the vertical axis and the demand curve is less than 45 degrees.

d. large shifts of the supply curve lead to only small changes in price.

Frasca, R. R. (2007). *Chapter 4 - Elasticity - Sample Questions* [PDF file]. Retrieved from http://academic.udayton.edu/pmic/mc%20questions/chap%204%20mc.pdf

MIT OpenCourseWare. (2011). Principles of microeconomics: supply and demand. Retrieved June 15, 2016, from http://ocw.mit.edu/courses/economics/14-01sc-principles-of-microeconomics-fall-2011/unit-1-supply-and-demand/elasticity/