Economics 101 Final Exam

Final Exam Economics 101 READ THE INSTRUCTIONS: You have three hours. Do all 9 questions; each has equal weight. Please write answers in the spaces provided on this exam. Use the back of the pages if you need more room, but clearly mark where the problem continues. You will get credit only if you provide a clear final answer. Economics 101 - UW-Madison

Final Exam - Economics 101 (Fall 2009) You will have 120 minutes to complete this exam. THERE ARE 6 PAGES AND 155 POINTS. Section 1: 30 Points Total

1. The marginal revenue product equals: A) total revenue divided by total product (output). B) marginal revenue divided by marginal product. C) total revenue multiplied by marginal product. D) marginal revenue multiplied by marginal product. Answer: D 2. The elasticity of demand is: A) the percentage change in the quantity demanded divided by the percentage change in the income. B) the percentage change in the quantity demanded divided by the percentage change in the price. C) the percentage change in the quantity supplied divided by the percentage change in the price. D) the percentage change in the quantity supplied divided by the percentage change in the quantity demanded. Answer: B 3. The price elasticity of demand is: A) the percentage change in the quantity demanded divided by the percentage change in the price. B) the percentage change in the quantity supplied divided by the percentage change in the price. C) the percentage change in the quantity demanded divided by the percentage change in the income. D) the percentage change in the quantity supplied divided by the percentage change in the income. Answer: A 4. The demand curve is: A) upward-sloping. B) downward-sloping. C) horizontal. D) vertical. Answer: B 5. The supply curve is: A) upward-sloping. B) downward-sloping. C) horizontal. D) vertical. Answer: A 6. The equilibrium price in a competitive market occurs where: A) the supply equals the demand. B) the supply is equal to the demand. C) the supply equals the demand, but only in the short run. D) the supply equals the demand in the long run. Answer: A 7. The effects of an increase in the supply of a product are: A) an increase in the price and a decrease in the quantity. B) a decrease in the price and an increase in the quantity. C) a decrease in the price and a decrease in the quantity. D) an increase in the price and an increase in the quantity. Answer: B 8. The effects of an increase in the demand for a product are: A) an increase in the price and an increase in the quantity. B) a decrease in the price and a decrease in the quantity. C) an increase in the price and a decrease in the quantity. D) a decrease in the price and an increase in the quantity. Answer: A 9. The effects of a decrease in the supply of a product are: A) an increase in the price and a decrease in the quantity. B) a decrease in the price and an increase in the quantity. C) a decrease in the price and a decrease in the quantity. D) an increase in the price and an increase in the quantity. Answer: A 10. The effects of a decrease in the demand for a product are: A) an increase in the price and a decrease in the quantity. B) a decrease in the price and an increase in the quantity. C) a decrease in the price and a decrease in the quantity. D) an increase in the price and an increase in the quantity. Answer: A 11. The effect of a tax on the supply curve is: A) an increase in the price and a decrease in the quantity. B) a decrease in the price and an increase in the quantity. C) a decrease in the price and a decrease in the quantity. D) an increase in the price and an increase in the quantity. Answer: A 12. The effect of a tax on the demand curve is: A) an increase in the price and a decrease in the quantity. B) a decrease in the price and an increase in the quantity. C) a decrease in the price and a decrease in the quantity. D) an increase in the price and an increase in the quantity. Answer: A