Economics Workshops Elasticity. Group 2

Question 1
Price down by 10%. Sales up by 30%
What is the elasticity?

a) E = +3

b) E = -0.3

c) E = -3

d) E = +0.3

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Question 2. E = -2. sales = 200. price increases by 20%. New sales?

a) 120

b) 240

c) 160

d) 260

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Question 3. E = -2. Sales = 200.
P ↓ 10%. New sales?

a) 240

b) 220

c) 180

d) 160

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Question 4.
Elasticity is normally

a) Positive

b) Negative

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Question 5. Unit Elasticity is

a) E = +1

b) E = -2

c) E = -1

d) E = +2

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Question 6. Which of these is inelastic ?

a) E = -2

b) E = 0.5

c) E = +2

d) E = 1.5

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Question 7. Positive elasticity occurs when

a) Price and sales move in the same direction

b) When a lower price leads to greater demand

c) When the change in price and demand are the same

d) When the decrease in Price has a positive effect on demand

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Question 8. I increase the tax on tobacco, and smokers change to electronic cigarettes. This is

a) Unit elasticity

b) Negative elasticity

c) Cross elasticity

d) Positive elasticity

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Question 9. Export-effect elasticity is when

a) The exchange rate between the producing country and the importing country changes

b) The elasticity is not the same in the importing and producing country

c) The elasticity changes in function of foreign demand

d) The exchange rate change is higher than the level of elasticity

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Question 10. I export goods from France to the USA. The Elasticity is -2. The Euro gains in value by 10% against the dollar.

a) I gain 20% of sales in the USA

b) I lose 20% of sales in the USA

c) I double my exports to the USA

d) The price in Euros increases by 20%

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Question 11. The price of oranges (E=-3) increases by 25%.

a) I sell 75% more oranges

b) Sales of other fruits probably increase

c) Consumers buy 25% fewer oranges

d) The sales of pears stays the same

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Question 12. Inflation is 5%. My salary has been frozen. I have an MPC of 90.

a) I increase my heating consumption

b) I drink more

c) I smoke less

d) I go out to the restaurant less often

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Question 13. My MPC is 10%. My salary increases by 15%.

a) I smoke more

b) I buy more petrol for my car

c) I increase my spending by 1.5%

d) I do not change my consumption at all

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Question 14. I export goods from France to the UK with E= -2. The value of the £ decreases by 20%.

a) Exports fall by 40% and I lose 40% of my home market

b) My exports increase by 20%

c) My exports increase by 40%

d) My exports decrease by 20% and my home market is not effected

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Question 15. Which of these probably has the highest level of elasticity ?

a) Marlborough cigarettes

b) Netflix films

c) Sales of petrol at Total

d) Levi jeans

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Question 16. If I increase price by 20% and sales drop by 10%, by elasticity is

a) +0,5

b) -0.5

c) -2

d) +2

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Question 17. The elasticity rate has

a) Different effects on people with a high or low MPS

b) Is the average response of all consumers

c) Is calculated from empirical statistics

d) All of the above

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Question 18. If the government wants to increase fiscal revenue, it should increase the tax on

a) Inelastic goods and services

b) Elastic goods and services

c) Unit elastic goods and services

d) Solar panels

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Question 19. An example of positive elasticity is

a) When I buy the cheapest product available

b) When I don't buy the cheapest product because I doubt its quality

c) When I buy from Le Bon Coin instead of from the retail shops

d) When I buy a car that consumes less fuel

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Question 20. The short term elasticity of petrol and diesel in France is about

a) E= -0.05%

b) E= -0.5%

c) E= -5%

d) E= -1%