

# Economics Workshops. Group 3

Question 1. 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 2. 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 3. 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 4. The short term elasticity of petrol and diesel in France is about

a)  $E = -0.05\%$

b)  $E = -0.5\%$

c)  $E = -5\%$

d)  $E = -1\%$

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Question 5. 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 6. 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 7.  
Elasticity is normally

a) Positive

b) Negative

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Question 8. 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 9. Which of these is inelastic ?

a)  $E = -2$

b)  $E = 0.5$

c)  $E = +2$

d)  $E = 1.5$

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Question 10. 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 11. 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 12. 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 13. Unit Elasticity is

a)  $E = +1$

b)  $E = -2$

c)  $E = -1$

d)  $E = +2$

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Question 14.  $E = -2$ . Sales = 200.  
 $P \downarrow 10\%$ . New sales?

a) 240

b) 220

c) 180

d) 160

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## Elasticity. Group 2

### Question 15

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 16. 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 17.  $E = -2$ . sales = 200. Price increases by 20%. New sales?

a) 120

b) 160

c) 240

d) 260

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Question 18. 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 19. 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 20. My product has  $E=-2$ . Sales are normally 200. I decrease the price by 10%. My new sales are

a) 240

b) 190

c) 160

d) 220