

*ECO401 – Economics  
Online Quiz 3*

**Question # 1 of 10 ( Start time: 02:57:52 AM ) Total Marks: 1**

Due to capacity constraints, the price elasticity of supply for most products is:  
Select correct option:

The same in the long run and the short run.

Greater in the long run than in the short run.

Greater in the short run than in the long run.

Too uncertain to be estimated.

**Question # 2 of 10 ( Start time: 02:59:08 AM ) Total Marks: 1**

If consumer incomes increase, the demand for product Y:  
Select correct option:

Will necessarily remain unchanged

Will shift to the right if Y is a complementary good

**Will shift to the right if Y is a normal good**

Will shift to the right if Y is an inferior good

**Question # 3 of 10 ( Start time: 02:59:38 AM ) Total Marks: 1**

A (n) \_\_\_\_\_ may start a price war in order to get a larger share of the market  
Select correct option:

Perfect competitor

**Oligopolist Ref: In oligopoly the producers must consider the response of competitors when choosing output and price.**

Monopolist

Economist

**Question # 4 of 10 ( Start time: 03:00:07 AM ) Total Marks: 1**

Assume that the government sets a ceiling on the interest rate that banks charge on loans. If the ceiling is set below the market equilibrium interest rate, the result will be:

Select correct option:

A surplus of credit.

A shortage of credit.

Greater profits for banks issuing credit.

A perfectly inelastic supply of credit in the market place.

**Question # 5 of 10 ( Start time: 03:01:11 AM )**

A normative economic statement:

Select correct option:

Is a statement of fact.

Is a hypothesis used to test economic theory.

**Is a statement of what ought to be, not what is.**

Is a statement of what will occur if certain assumptions are true.

**Question # 6 of 10 ( Start time: 03:02:10 AM ) Total Marks: 1**

The effect of a change in income on the quantity of the good consumed is called the:

Select correct option:

Income effect

Budget effect

Substitution effect

Real income effect

**Question # 7 of 10 ( Start time: 03:03:07 AM ) Total Marks: 1**

A market with few entry barriers and with many firms that sell differentiated products is known as:

Select correct option:

Purely competitive

A monopoly

**Monopolistically competitive page 54**

Oligopolistic

**Question # 8 of 10 ( Start time: 03:04:20 AM ) Total Marks: 1**

In a free-market economy the allocation of resources is determined by:

Select correct option:

Votes taken by consumers.

A central planning authority.

By consumer preferences.

The level of profits of firms.

**Question # 9 of 10 ( Start time: 03:04:42 AM ) Total Marks: 1**

If marginal product is equal to average product:

Select correct option:

The total product will fall

The average product will not change

Average variable costs will fall

Total revenue will fall

**Question # 10 of 10 ( Start time: 03:05:54 AM ) Total Marks: 1**

A negatively sloped isoquant implies:

Select correct option:

Products with negative marginal utilities.

Products with positive marginal utilities.

Inputs with negative marginal products.

Inputs with positive marginal products.