

ARE 201 Spring 2009 Sample Exam #2 Answer Sheet

MULTIPLE CHOICE (3 points each)

1. d
2. c
3. c
4. c
5. b
6. d
7. d
8. d
9. c
10. d
11. b
12. b
13. d
14. d
15. b

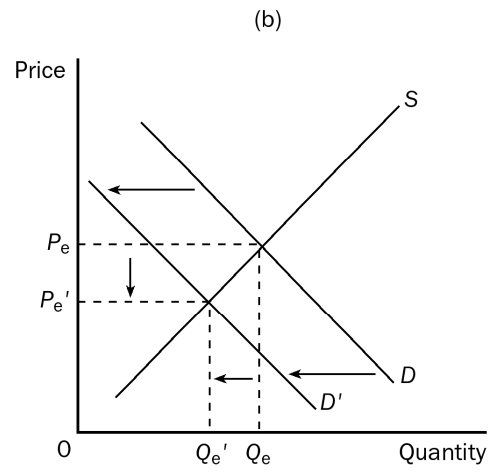
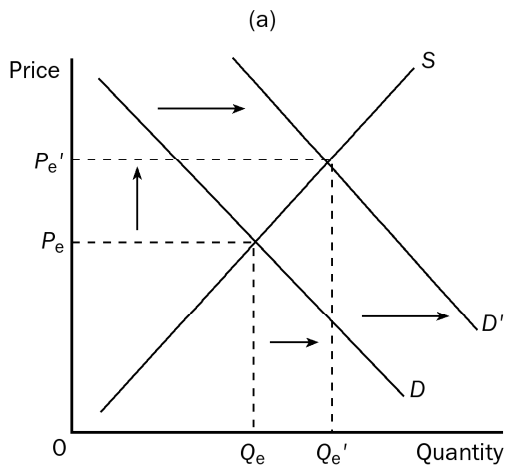
TRUE/FALSE (2 points each)

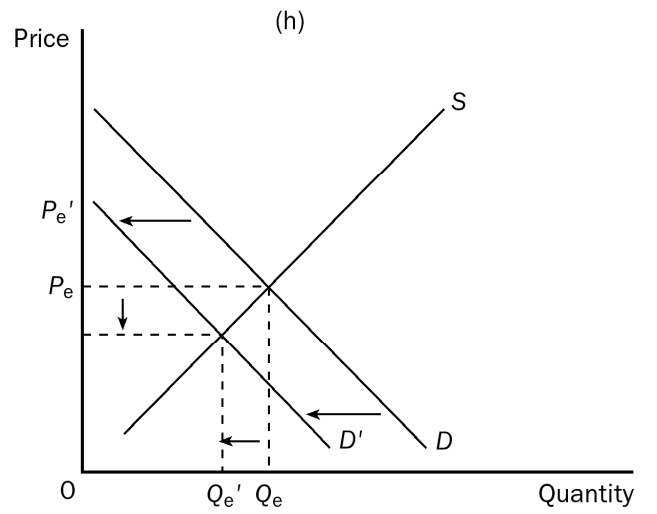
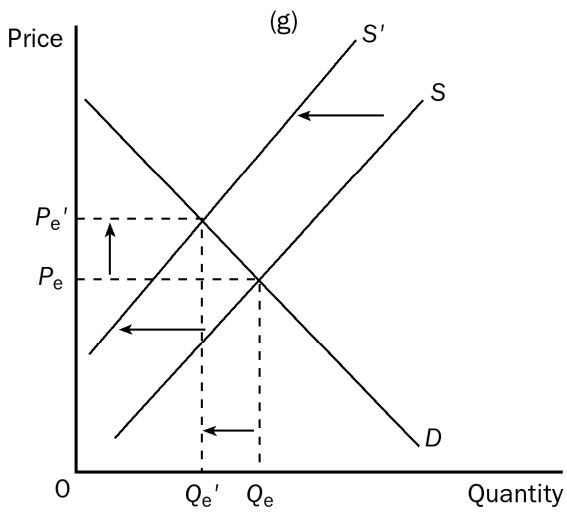
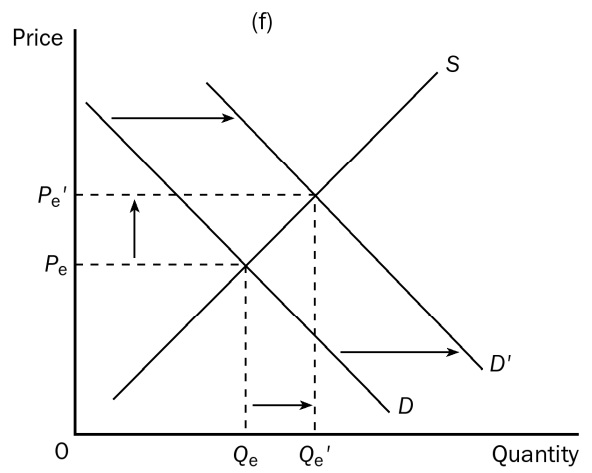
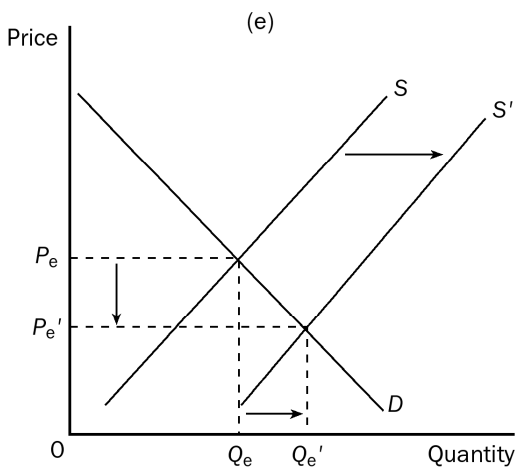
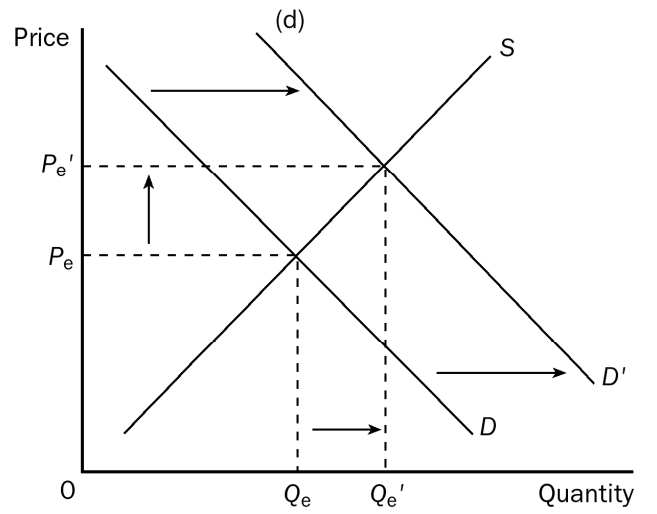
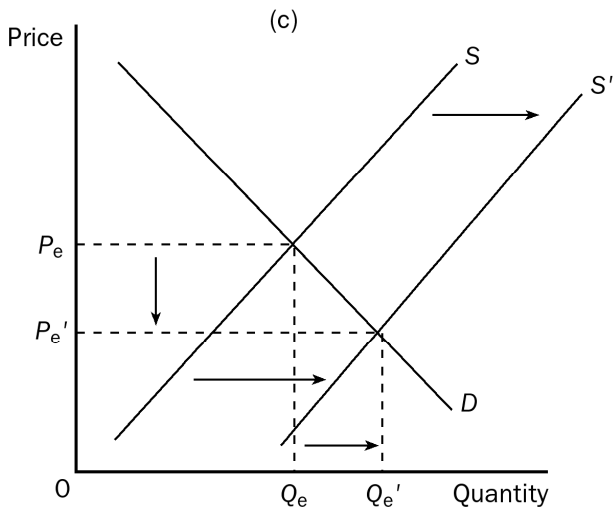
1. T
2. F
3. T
4. F
5. F
6. F
7. F

SHORT ANSWER

APPLICATION/SCENARIO (8 points for 1st and 13 points for 2nd)

- 1.





2. ANSWER:

In the section of the demand curve from A to B, the elasticity of demand would be 2.5. This would be an elastic portion of the curve. This would mean that for every 1 percent change in price, quantity demanded would change by 2.5 percent.

In the section of the demand curve from B to C, the elasticity of demand would be .75. This would be an inelastic portion of the curve. This would mean that for every 1 percent change in price, quantity demanded would change by 0.75 percent.