1) Which of the following would not result from a price ceiling (set below equilibrium price)?
A) a shortage
B) fewer exchanges
C) an increase in supply
D) nonprice rationing devices

Exhibit 4-1

2) Refer to Exhibit 4-1. The number of units exchanged at the price ceiling is
A) 75.
B) 125.
C) 175.
D) 100.

3) Refer to Exhibit 4-1. How many fewer units are exchanged because of the price ceiling than ultimately would be exchanged in a free market?
A) 50
B) 60
C) 65
D) 100

4) Refer to Exhibit 4-1. Suppose the good shown is being sold at the $6 price ceiling. At a quantity of 75 units, what is the maximum per-unit price buyers would be willing to pay for a good "tied" to the good shown in the exhibit?
A) $10
B) $8
C) $6
D) $4
E) none of the above

5) Which of the following is true?
A) Buyers always prefer lower prices to higher prices.
B) Buyers never prefer lower prices to higher prices.
C) Buyers rarely prefer lower prices to higher prices.
D) Buyers prefer lower prices to higher prices, ceteris paribus.

6) A price floor is a government-mandated
A) minimum price below which legal trades cannot be made.
B) maximum price above which legal trades cannot be made.
C) minimum price at which all units of the good must be legally sold.
D) minimum price below which legal trades can be made.

7) One of the effects of a price floor (set above equilibrium price) is
A) a surplus.
B) higher-quality goods are produced.
C) more satisfied customers.
D) all of the above
E) none of the above

8) There are two goods in the economy, apples and bread. The relative price of apples has increased. This could be due to
A) an increase in the absolute price of apples, ceteris paribus.
B) a decrease in the absolute price of bread, ceteris paribus.
C) a decrease in the absolute price of apples, ceteris paribus.
D) an increase in the absolute price of bread, ceteris paribus.
E) a and b

9) A shortage of kidneys (for transplants) results from
A) the legal price being set below equilibrium.
B) the legal price being set above equilibrium.
C) a price floor being set in the kidney market at P = $0, assuming the equilibrium price is greater than $0.
D) a price ceiling being set in the kidney market at P = $0, assuming the equilibrium price is greater than $0.
E) a and d

10) If the minimum wage law sets a price floor above the equilibrium wage in the market for unskilled labor, then the
A) minimum wage will create a surplus of unskilled labor.
B) minimum wage will create a shortage of unskilled labor.
C) minimum wage will not impact the unskilled labor market.
D) unskilled labor market will change, but we cannot be certain how.

11) If goods are not rationed according to price, if follows that
A) they won’t get rationed at all.
B) some mechanism will be used to ration the goods.
C) first-come-first-served will necessarily be the rationing device.
D) there will be surpluses in the market.
E) none of the above
12) Refer to Exhibit 4-8. Suppose that wheat producers lobby the government for a price floor and receive one. This price floor is set at PF. What has happened to the producers’ surplus as a result of the imposition of the price floor?
   A) Producers’ surplus has risen by (area 2 + 3)
   B) Producers’ surplus has fallen by (area 4 + 5)
   C) Producers’ surplus has changed by (area 3 - area 5)
   D) Producers’ surplus has changed by (area 2 - area 5)

13) Refer to Exhibit 4-8. If the wheat market is in competitive equilibrium, the consumers’ surplus will equal
   A) area 1 + 2 + 3
   B) area 1 + 2 + 4
   C) area 3 + 5
   D) area 1 + 2 + 3 + 4 + 5
   E) area 6

14) Refer to Exhibit 4-8. Suppose that wheat producers lobby the government for a price floor and receive one. This price floor is set at PF. What is the change in the total surplus at the price floor, compared to at the equilibrium price?
   A) There was a gain in total surplus equal to (area 1 + 2 + 3)
   B) There was a gain in total surplus equal to (area 1 + 2 + 3 + 4 + 5)
   C) There was a loss in total surplus equal to (area 4 + 5)
   D) There was a loss in total surplus equal to (area 4 + 5 + 6)

15) Refer to Exhibit 4-8. Suppose that wheat producers lobby the government for a price floor and receive one. This price floor is set at PF. What has happened to the consumers’ surplus as a result of the imposition of the price floor?
   A) consumers’ surplus has gone down by (area 2 + 4)
   B) consumers’ surplus has risen by (area 2 + 4)
   C) consumers’ surplus has gone down by (area 3 - area 5)
   D) consumers’ surplus has risen by (area 2 + 3)