MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) From the 1970s through the 1990s, the relative price of a college education has increased greatly. During the same time period, college enrollment has also increased. This evidence suggests that during this time period
   A) the demand curve for a college education has shifted rightward.
   B) the demand curve for a college education has shifted leftward.
   C) the supply curve for a college education has shifted leftward.
   D) the supply curve for a college education has shifted rightward.

2) The change in price that results from a leftward shift of the supply curve will be greater if
   A) the demand curve is horizontal than if the demand curve is vertical.
   B) the demand curve is horizontal than if the demand curve is downward sloping.
   C) the demand curve is relatively steep than if the demand curve is relatively flat.
   D) the demand curve is relatively flat than if the demand curve is relatively steep.

3) Suppose the inverse demand curve for a good is expressed as \( Q = 50 - 2p \). If the good currently sells for $3, then the price elasticity of demand is
   A) \(-3 \times (44/2)\).
   B) \(-2 \times (3/44)\).
   C) \(-3 \times (2/50)\).
   D) \(-2 \times (50/3)\).

4) If an increase in income results in a rightward parallel shift of the demand curve, then at any given price, the price elasticity of demand will have
   A) decreased in absolute terms.
   B) increased in absolute terms.
   C) remained unchanged.
   D) increased, decreased or stayed the same. It cannot be determined.

5) If the demand for orange juice is expressed as \( Q = 2000 - 500p \), where \( Q \) is measured in gallons and \( p \) is measured in dollars, then at the price of $3, the demand curve
   A) has a unitary elasticity.
   B) is elastic.
   C) is inelastic.
   D) is perfectly inelastic.

6) You pay $15 for an all-you-can-eat buffet. The food isn't so good, but definitely edible. When you finish eating, what is the marginal value of the last bite of food you consumed?
   A) $15
   B) zero
   C) positive
   D) negative

7) In the labor market, if the government imposes a minimum wage that is below the equilibrium wage, then
   A) nothing will happen to the wage rate or employment.
   B) workers who wish to work at the minimum wage will have a difficult time finding jobs.
   C) firms will hire fewer workers than without the minimum wage law.
   D) some workers may lose their jobs as a result.
8) Municipalities that have adopted the policy of "rent control" typically set the rentals on certain apartments well below equilibrium. As a result,
   A) prospective tenants have a difficult time finding available apartments.
   B) there is a surplus of apartments.
   C) landlords have a difficult time finding tenants.
   D) All of the above.

9) If a government wants to maximize revenues from a tax, it should
   A) choose a good with a relatively inelastic demand.
   B) impose it on sellers.
   C) choose a good with a relatively elastic demand.
   D) impose it on consumers.

10) In the case of a specific tax, tax incidence is independent of who pays
    A) only when the tax is collected from consumers.
    B) in all cases.
    C) only when supply and demand elasticities are not constant.
    D) in most but not all cases.
ESSAY. Write your answer in the space provided or on a separate sheet of paper.

11) Midcontinent Plastics makes 80 fiberglass truck hoods per day for large truck manufacturers. Each hood sells for $500.00. Midcontinent sells all of its product to the large truck manufacturers. Suppose the own price elasticity of demand for hoods is 0.4 and the price elasticity of supply is 1.5.

a. Compute the slope and intercept coefficients for the linear supply and demand equations.
b. If the local county government imposed a per unit tax of $25.00 per hood manufactured, what would be the new equilibrium price of hoods to the truck manufacturer?
c. Would a per unit tax on hoods change the revenue received by Midcontinent?