Unit 2 Elasticity

20 Hard Practice Questions

Subtopics 2.3 | 2.4 | 2.5 Question Bank + Past AP Exam (2021-2025)

Coverage

2.3 Price Elasticity of Demand ..... 10 questions

2.4 Price Elasticity of Supply ..... 4 questions

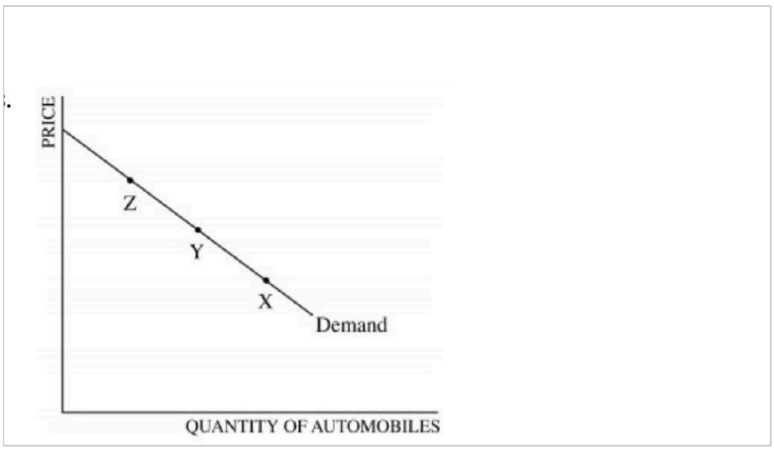
2.5 Other Elasticities (income / cross-price) .. 6 questions

Unit 2.3 Price Elasticity of Demand

Q1 Subtopic 2.3

Source: Question Bank · Unit 2 S&D Q68

8. 题库 Unit 2 S&D Q68



In the figure above, at which of the given points is demand most elastic?

(A) X
(B) Y
(C) Z
(D) The elasticity is the same for all points.
(E) The relative elasticity cannot be determined with the given information.

Q2 Subtopic 2.3

Source: Question Bank · Unit 2 S&D Q119

Which of the following is true in the elastic range of a firm's demand curve?

(A) The firm should expand output to increase economic profits.
(B) An increase in price will also lead to an increase in total cost.
(C) A decrease in price will likely lead to an increase in total revenue.
(D) Marginal revenue is negative.
(E) The firm is maximizing total revenue.

Q3 Subtopic 2.3

Source: Question Bank · Unit 2 S&D Q128

15. 题库 Unit 2 S&D Q128

If a 5 percent wage increase in a particular labor market results in a 10 percent decrease in employment, the demand for labor is

(A) perfectly elastic
(B) relatively elastic
(C) unit elastic
(D) relatively inelastic
(E) perfectly inelastic

Q4 Subtopic 2.3

Source: Question Bank · Unit 2 S&D Q133

Following a decrease in the supply of oranges, the price of orange juice increased by 20 percent, which resulted in a 10 percent increase in the quantity of apple juice consumed. This implies that the cross elasticity of demand between orange juice and apple juice is

(A) 0
(B) 0.5
(C) 1
(D) 2
(E) indeterminate

Q5 Subtopic 2.3

Source: 2021 AP Micro MCQ Q25

If the imposition of a per-unit tax on a good reduces the total consumer surplus by more than the reduction of total producer surplus in a competitive market, then which of the following is true?

(A) The price sellers receive decreases by more than the amount of the tax.
(B) The price buyers pay increases by more than the amount of the tax.
(C) Demand is less elastic than supply.
(D) Demand is more elastic than supply.
(E) Demand and supply are both unit elastic.

Q6 Subtopic 2.3

Source: 2022 AP Micro MCQ Q19

When Tom's income increases from $100 to $120, the quantity of golf balls he purchases increases from 10 to 12. What is Tom's income elasticity of demand, and what type of good is a golf ball for Tom?

(A) Income elasticity of demand is 1, and golf balls are a normal good for Tom.
(B) Income elasticity of demand is −1, and golf balls are an inferior good for Tom.
(C) Income elasticity of demand is 10, and golf balls are a normal good for Tom.
(D) Income elasticity of demand is −10, and golf balls are an inferior good for Tom.
(E) Income elasticity of demand is 20, and golf balls are a normal good for Tom.

Q7 Subtopic 2.3

Source: 2022 AP Micro MCQ Q21

The demand curve for shoes is downward sloping, and the absolute value of the price elasticity of demand is 2. If the price of shoes increases by 3 percent, what will happen to the quantity of shoes demanded?

(A) It will decrease by 6%.
(B) It will decrease by 3%.
(C) It will decrease by 2%.
(D) It will increase by 6%.
(E) It will increase by 3%.

22. 2022 AP Micro MCQ Q47

Q8 Subtopic 2.3

Source: 2023 AP Micro MCQ Q17

Which of the following combinations is most likely to result in the demand for a product being highly price inelastic?

(A) The product has few close substitutes and represents a small percentage of a consumer's income.
(B) The product has few close substitutes and represents a large percentage of a consumer's income.
(C) The product has many close substitutes and represents a small percentage of a consumer's income.
(D) The product has many close substitutes and represents a moderate percentage of a consumer's income.
(E) The product has many close substitutes and represents a large percentage of a consumer's income.

Q9 Subtopic 2.3

Source: 2023 AP Micro MCQ Q25

Cross-price elasticity of demand for honey with respect to yogurt is −4. At the current equilibrium, consumers are buying 100 containers of yogurt per week and 20 containers of honey per week. If the price of yogurt increases by 10 percent per container, what will be the new quantity demanded of honey?

(A) 4 containers
(B) 8 containers
(C) 10 containers
(D) 12 containers
(E) 40 containers

Q10 Subtopic 2.3

Source: 2024 AP Micro FRQ Q1(e) · Cross-price

Soja Farm is a typical profit-maximizing firm that produces and sells soybeans in a constant-cost, perfectly competitive market that is in long-run equilibrium. The market equilibrium price of soybeans is $14 per bushel.

(e) Suppose a 25% increase in the market price of quinoa causes a 5% decrease in the quantity demanded of quinoa and a 10% increase in the quantity demanded for tofu.

(i) Is the demand for quinoa elastic, inelastic, or unit elastic? Explain using numbers.

(ii) Calculate the cross-price elasticity of demand between quinoa and tofu. Show your work.

Unit 2.4 Price Elasticity of Supply

Q11 Subtopic 2.4

Source: Question Bank · Unit 2 S&D Q54

Assume that the supply of corn is relatively price inelastic, while the demand for corn is relatively price elastic. If the government imposes a per-unit excise tax on the production of corn, the incidence of the tax will fall

(A) entirely on buyers
(B) more on buyers than on sellers
(C) entirely on sellers
(D) more on sellers than on buyers
(E) equally on both buyers and sellers

Q12 Subtopic 2.4

Source: Question Bank · Unit 2 S&D Q60

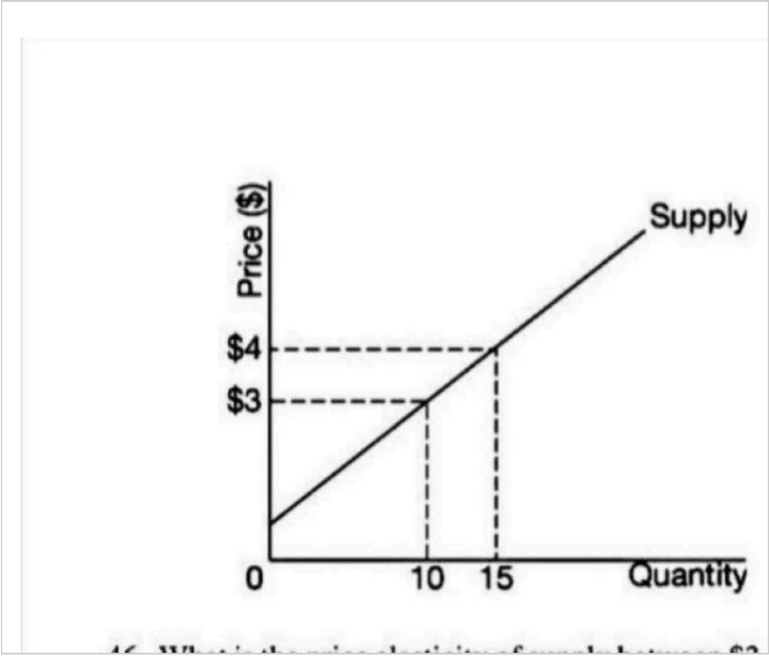
If the value of the price elasticity of supply is 3, which of the following is true?

(A) Supply is inelastic.
(B) A percentage increase in price will lead to a relatively smaller percentage increase in quantity supplied.
(C) The supply curve is downward sloping with respect to the price of output.
(D) A 10 percent decrease in price will decrease the quantity supplied by 30 percent.
(E) A 3 percent increase in price will decrease the quantity supplied by 10 percent.

Part II — Past Exam MCQ

Q13 Subtopic 2.4

Source: 2021 AP Micro MCQ Q46 · Graph PES



What is the price elasticity of supply between $3 and $4 in the graph above?

(A) It is greater than 1, and the supply is relatively inelastic.
(B) It is greater than 1, and the supply is relatively elastic.
(C) It is equal to 1, and the supply is unit elastic.
(D) It is less than 1, and the supply is relatively elastic.
(E) It is less than 1, and the supply is relatively inelastic.

Q14 Subtopic 2.4

Source: 2022 AP Micro FRQ Q3(a) · Draw graph

8. 2022 AP Micro FRQ Q3(a)

In the local market for Good X, there are four individual buyers: Emily, Wu, Omar, and Fernanda. The quantities that each individual buyer would be willing and able to purchase at different prices are included in the table provided.

Price	Emily	Wu	Omar	Fernanda
$1	5	4	4	3
$2	4	3	4	3
$3	4	3	3	2
$4	3	2	3	2
$5	3	2	2	1
$6	2	1	2	1
$7	2	1	1	0
$8	1	0	1	0

(a) The local market for Good X has a perfectly elastic supply. Draw a correctly labeled graph for the local market for Good X with a market equilibrium price of $5. Label the equilibrium price as $5, and label the equilibrium quantity for the market with a specific value based on the data provided in the table.

Unit 2.5 Other Elasticities (Income & Cross-Price)

Q15 Subtopic 2.5

Source: Question Bank · Unit 2 S&D Q8

1. 题库 Unit 2 S&D Q8

If a 10 percent increase in the price of good X results in a 20 percent decrease in the quantity of good Y demanded, which of the following is true?

(A) Good X and good Y are complementary goods, and the cross-price elasticity is −0.5.
(B) Good X and good Y are substitute goods, and the income elasticity is +2.
(C) Good X and good Y are complementary goods, and the cross-price elasticity is −2.
(D) Good X and good Y are normal goods, and the income elasticity is +2.
(E) Good X and good Y are substitute goods, and the cross-price elasticity is −2.

Q16 Subtopic 2.5

Source: Question Bank · Unit 2 S&D Q31

Assume that a 2 percent increase in the price of bologna causes a 5 percent decrease in the demand for cheese. What is the cross-price elasticity of demand between the two goods, and how are these goods related?

(A) Cross-price elasticity of demand equals −0.4, and these goods are complements.
(B) Cross-price elasticity of demand equals +0.4, and these goods are substitutes.
(C) Cross-price elasticity of demand equals −2.5, and these goods are complements.
(D) Cross-price elasticity of demand equals +2.5, and these goods are substitutes.
(E) Cross-price elasticity of demand equals −0.4, and these goods are substitutes.

Q17 Subtopic 2.5

Source: Question Bank · Unit 2 S&D Q43

In relation to tacos, the cross-price elasticity of demand for Good X is negative. What would be the result if the price of tacos increases?

(A) There will be a movement up the demand curve for Good X because it is a complement to tacos.
(B) There will be a movement down the demand curve for Good X because it is a complement to tacos.
(C) The demand for Good X will increase because it is a substitute for tacos.
(D) The demand for Good X will decrease because it is a complement to tacos.
(E) The demand for Good X will increase because tacos and Good X are normal goods.

Q18 Subtopic 2.5

Source: Question Bank · Unit 2 S&D Q95

A 10 percent increase in Sandra's income causes Sandra's consumption of milk to decrease from 10 cartons to 6 cartons. Sandra's income elasticity of demand for milk is

(A) greater than zero and therefore milk is a necessity
(B) greater than zero and therefore milk is a normal good
(C) less than zero and therefore milk is a normal good
(D) less than zero and therefore milk is an inferior good
(E) greater than one and therefore milk is a necessity

Q19 Subtopic 2.5

Source: 2025 AP Micro MCQ Q20 · Cross-price table

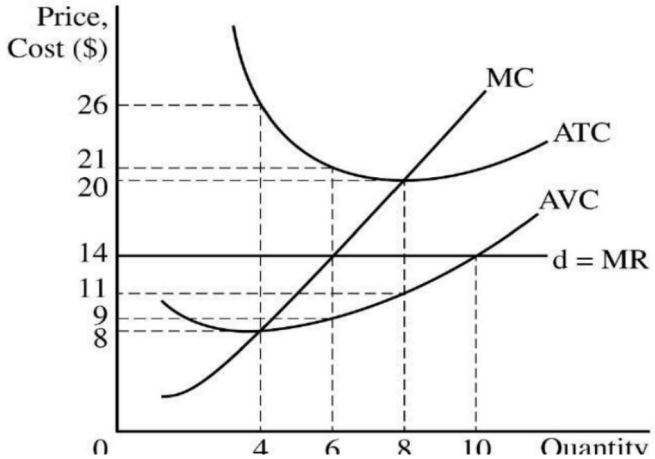
A 5% increase in the price of Good A results in a 10% decrease in the quantity demanded of Good B. What is the cross-price elasticity between Good A and Good B, and what does this indicate about the relationship between these two goods?

	Cross-Price Elasticity	Relationship
(A)	−1	Complements
(B)	−2	Complements
(C)	0.5	Complements
(D)	−2	Substitutes
(E)	0.5	Substitutes

Q20 Subtopic 2.5

Source: 2023 AP Micro FRQ Q3(e) · Cross-price

The graph provided shows the demand (d), marginal revenue (MR), average total cost (ATC), average variable cost (AVC), and marginal cost (MC) curves for Hansel Hangout, a typical profit-maximizing firm in a perfectly competitive market producing Good X.



Use the graph to answer part (e) below. Earlier parts of this question established that the market for Good X will adjust to long-run equilibrium, causing the price of Good X to decrease.

(e) Assume the cross-price elasticity of demand between Good X and Good C is positive. Given the change in the long-run price of Good X in part (d), will the quantity demanded of Good C increase, decrease, or remain the same? Explain.