Unit 2.5 Other Elasticities

AP Microeconomics Homework — 19 Questions (Cross-Price & Income Elasticity)

Part I — Question Bank MCQ

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.

2. 题库 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.

3. 题库 Unit 2 S&D Q34

To determine whether two goods are complements, one would calculate the

(A) price elasticity of demand
(B) price elasticity of supply
(C) income elasticity of demand
(D) cross-price elasticity of demand
(E) input-price elasticity of supply

4. 题库 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.

5. 题库 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

6. 题库 Unit 2 S&D Q100

If bologna is an inferior good, which of the following must be true?

(A) The demand curve for bologna is vertical.
(B) The demand curve for bologna is horizontal.
(C) An increase in the price of bologna will decrease the supply of bologna.
(D) An increase in consumer income will decrease the demand for bologna.
(E) A decrease in consumer income will decrease the supply of bologna.

7. 题库 Unit 2 S&D Q93

Assume the income elasticity of demand for good Z equals −5.0. Which of the following is true?

(A) Good Z is a normal good.
(B) Good Z must have an inelastic demand.
(C) An increase in income will lead to a decrease in demand.
(D) An increase in income will lead to an increase in demand.
(E) The income effect of a price increase will be a decrease in quantity demanded at every price.

8. 题库 Unit 2 S&D Q98

Carmen consumes both entertainment and medical care. For Carmen, entertainment is a normal good, and the income elasticity of her demand for medical care is zero. If Carmen's income increases, which of the following will be the immediate impact on her consumption?

	Entertainment	Medical care
(A)	Increase	Increase
(B)	Increase	No change
(C)	No change	Increase
(D)	Increase	Decrease
(E)	Decrease	Increase

9. 题库 Unit 2 S&D Q32

The cross-price elasticity of demand between goods J and K is −3. A 20 percent decrease in the price of good K will result in a

(A) 3 percent decrease in the quantity demanded of good K
(B) 15 percent decrease in the quantity demanded of good K
(C) 6 percent increase in the quantity demanded of good J
(D) 12 percent increase in the quantity demanded of good J
(E) 60 percent increase in the quantity demanded of good J

10. 题库 Unit 2 S&D Q33

Which of the following is true of the cross-price elasticity of demand?

(A) It can indicate if a good is a necessity or a luxury.
(B) It is greater than zero for two goods that are substitutes.
(C) It is close to zero if the two goods are closely related.
(D) It is always negative because demand curves are downward sloping.
(E) It increases as income increases.

11. 题库 Unit 2 S&D Q39

The cross-price elasticity of demand between good X and good Z measures the percentage change in the quantity demanded of good X in response to a percentage change in

(A) the price of good X
(B) income
(C) the price of good Z
(D) the supply of good Z
(E) total expenditures on good Z

12. 题库 Unit 2 S&D Q90

Which of the following statements relating to income elasticity is true?

(A) A positive value for the income elasticity coefficient indicates an inferior good.

(B) If good X and good Y have negative income elasticities, then both goods are substitutes.

(C) With an income elasticity coefficient of 0.6, the demand is inelastic and the good is an inferior good.

(D) With an income elasticity coefficient of 5, a 10 percent increase in income will lead to a 50 percent increase in the quantity demanded of the good.

(E) With an income elasticity coefficient of −1.2, a 10 percent increase in income will lead to a 12 percent decrease in the price of the good.

13. 题库 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

Part II — Past Exam MCQ

14. 2023 AP Micro MCQ Q19

The cross-price elasticity of demand for flashlights and Good H is 2.5. This indicates which of the following?

(A) Flashlights and Good H are inferior goods.

(B) Flashlights and Good H are normal goods.

(C) Flashlights and Good H are substitutes in consumption.

(D) Flashlights and Good H are complements in consumption.

(E) Flashlights and Good H both have elastic demand.

15. 2025 AP Micro MCQ Q20

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

16. 2022 AP Micro MCQ Q11

The cross-price elasticity of demand for Goods X and Y is −2.8. Based on this information, what is true about Good X and Good Y?

(A) Good X is a normal good and Good Y is an inferior good.

(B) The goods are inferior.

(C) The goods are substitutes.

(D) The goods are complements.

(E) The goods have upward-sloping demand curves.

17. 2022 AP Micro MCQ Q18

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.

18. 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

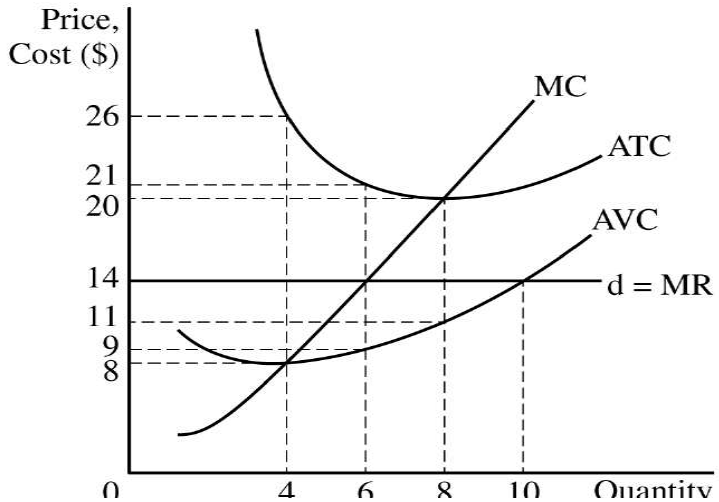
(D) 12 containers

(E) 40 containers

Part III — Past Exam FRQ

19. 2023 AP Micro FRQ Q3(e)

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.