EXAMPLE QUESTIONS FOR CM6 (4/13/21)

1. If the Florida state government prohibits gas stations from raising prices during the hurricane season:

a. Gas stations will be unable to sell all the gas they have available during the hurricane season.
b. Consumers will be unable to buy as much gas as they would like to during the hurricane season.
c. The supply curve of gas will shift to the right.
d. The demand curve will shift to the left.
e. There will be equilibrium in the market for gas during the hurricane season.

2. Many states have so called "usury laws" that limit the amount of interest that may be charged on loans. Such a law is an example of:

a. An equilibrium price.
b. A price ceiling.
c. A price floor.
d. A black market price.
e. A rationed price.

3. Maximum prices:

a. Cause excess demand
b. Cause excess supply
c. Cause markets to over produce
d. Cause markets to produce in equilibrium.

4. Controlled rents are set:

a. Above the equilibrium price.
b. Below the equilibrium price.
c. At the equilibrium price.
d. Between the short run and long run equilibrium price.
e. At the long run equilibrium price.

5. Rent controls cause:

a. Apartment quality to increase.
b. The supply of apartments to increase.
c. Mainly gains to low-income renters.
d. Landlords to discriminate against certain classes of tenants.
e. All of the above.

6. Which of the following would be most likely to be true of cities that have rent controls compared to cities that do not have rent control?

a. Homelessness will be lower in the cities with rent control.
b. Landlords have stronger incentives to increase the number of apartment units in the long run in the cities with rent control.
c. Rents will be lower for those who are fortunate enough to find controlled apartments in the cities with rent control.
d. Apartment quality will improve over time in the cities with rent control.
e. It will be more difficult for landlords to find tenants in the cities with rent control.