Quiz #5.
ECON 310 – Ticket Number 16386.

Multiple Choice (2 points each):

For all questions consider a market with inverse demand of \( P_D(q) = 60 - \frac{1}{4}q \) and inverse supply of \( P_S(q) = \frac{1}{2}q \), as illustrated below.

1) With no intervention in this market, in equilibrium
   a. no trade will take place.
   b. less than the efficient level of trade will take place.
   c. exactly the efficient level of trade will take place.
   d. more than the efficient level of trade will take place.
   e. 240 units will be traded.

2) The maximum possible value of “Total Social Welfare” is
   a. 40.
   b. 80.
   c. 800.
   d. 2,400.
   e. 4,800.

3) If \( q = 60 \) units were traded, then
   a. Total Social Welfare is maximized.
   b. Deadweight Loss is positive.
   c. Deadweight Loss is negative.
   d. Deadweight Loss is zero.
   e. More than one of the above answers is correct.

4) If a per unit tax of \( T = 12 \) is imposed on sellers in this market then ____ units will be traded.
   a. 0.
   b. 12.
   c. 16.
   d. 64.
   e. 80.

5) Imposing a price floor of \( p_f = 50 \) would
   a. make all consumers better off.
   b. make all sellers better off.
   c. result in a positive Deadweight Loss.
   d. have no effect on this market.
   e. None of the above answers are correct.