

Exam

Name \_\_\_\_\_

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

- 1) One of the major results of the greater specialization of labour is that 1) \_\_\_\_\_
- A) there is a greater need for trade.
  - B) the circular flow of income contracts.
  - C) the overall output of the economy declines.
  - D) each worker must become more self-sufficient.
  - E) there is an increased need for government to intervene in the marketplace.

Answer: A

*The table below illustrates that, in one day, Tristan can produce either 12 fishing lures or mow 3 lawns, while Thomas can produce either 6 fishing lures or mow 6 lawns.*

	<u>Fishing lures</u>	<u>Mowed lawns</u>
Tristan	12	3
Thomas	6	6

TABLE 1-1

- 2) Refer to Table 1-1. If Tristan and Thomas want to maximize their joint output from one day of work, how should they specialize their production? 2) \_\_\_\_\_
- A) Tristan produces 6 lures and 3 mowed lawns
  - B) Tristan produces 3 mowed lawns; Thomas produces 6 mowed lawns
  - C) Tristan produces nothing, Thomas produces 6 lures and 6 mowed lawns
  - D) Tristan produces 6 lures; Thomas produces 6 lures
  - E) Tristan produces 12 lures; Thomas produces 6 mowed lawns

Answer: E

- 3) In practice, the term "centrally planned economy" refers to an economy in which 3) \_\_\_\_\_
- A) the military is in control of the government.
  - B) the government makes all production and consumption decisions.
  - C) economic decisions are made in the geographic center of the country.
  - D) the mix of market and command principles is heavily weighted towards the latter.
  - E) all commodities are rationed.

Answer: D

- 4) If there is always a three-for-one trade-off between the production of goods X and Y, then the production possibilities boundary for X and Y is 4) \_\_\_\_\_
- A) a downward-sloping straight line that is broken at one point.
  - B) semi-circular.
  - C) a downward-sloping curve concave to the origin.
  - D) a downward-sloping curve convex to the origin.
  - E) a downward-sloping straight line.

Answer: E

- 5) Many economies in central and Eastern Europe, including the countries of the former Soviet Union, are still in the process of moving from a command economy to a market economy. In the first years of this transition, most of these countries experienced sharp drops in output and reductions in living standards. Economists generally see this as 5) \_\_\_\_\_
- A) an indication of the extreme difficulty of transition from one type of economic system to another.
  - B) the difficulty of corruption in non-market economies.
  - C) the triumph of capitalism over communism.
  - D) the failure of the market system.
  - E) an indication that these economies should return to being command economies.

Answer: A

- 6) A point lying inside the production possibilities boundary is one at which 6) \_\_\_\_\_
- A) there is no scarcity.
  - B) the opportunity cost of producing more output is negative.
  - C) the economy has run out of resources.
  - D) more output could be produced with existing resources.
  - E) it is not possible to produce more output with existing resources.

Answer: D

- 7) In a pure market economy, the role of government is limited to provision of : 7) \_\_\_\_\_
- i) a basic legal and institutional structure.
  - ii) intervention in the allocation of resources in some areas of the economy.
  - iii) redistribution of income.
  - iv) stabilization of economic conditions generally.
- Which of the above points is true?
- A) Only i).
  - B) Only i) and ii).
  - C) Only i) and iv).
  - D) Only i), ii), and iv).
  - E) All of the points are provided by government in a pure market economy.

Answer: A

The table below illustrates that, in one day, Tristan can produce either 12 fishing lures or mow 3 lawns, while Thomas can produce either 6 fishing lures or mow 6 lawns.

	<u>Fishing lures</u>	<u>Mowed lawns</u>
Tristan	12	3
Thomas	6	6

TABLE 1-1

- 8) Refer to Table 1-1. What is Tristan's opportunity cost of producing one mowed lawn? 8) \_\_\_\_\_
- A) 3 fishing lures
  - B) one fishing lure
  - C) 4 fishing lures
  - D) 6 fishing lures
  - E) 12 fishing lures

Answer: C

- 9) A country's production possibilities boundary shows that 9) \_\_\_\_\_
- A) when a society combines its resources inefficiently, it cannot produce more of one good without producing less of the other good.
  - B) when a society combines its resources efficiently, it cannot produce more of one good without producing less of the other good.
  - C) the supply for goods always exceeds the demand.
  - D) all points inside the boundary are preferred to all points on the boundary.
  - E) some resources are always idle in a democratic society.

Answer: B

The table below illustrates that, in one day, Tristan can produce either 12 fishing lures or mow 3 lawns, while Thomas can produce either 6 fishing lures or mow 6 lawns.

	<u>Fishing lures</u>	<u>Mowed lawns</u>
Tristan	12	3
Thomas	6	6

TABLE 1-1

- 10) Refer to Table 1-1. What is Thomas's opportunity cost of producing one fishing lure? 10) \_\_\_\_\_
- A) 5 lures
  - B) 1/6 of a mowed lawn
  - C) 1 mowed lawn
  - D) there is no opportunity cost
  - E) 1/6 of a lure

Answer: C

11) Comparison of economic systems indicates that

11) \_\_\_\_\_

- A) socialist economies are clearly superior in producing consumer goods.
- B) capitalist economies are clearly superior in distributing income.
- C) all countries have largely traditional economies.
- D) most nations have either a purely socialist economy or a purely capitalist economy.
- E) most countries have mixed economies.

Answer: E

*The table below shows hypothetical tuition costs at a Canadian university.*

<u>Year</u>	<u>Tuition</u>
2001	\$5000
2002	\$5050
2003	\$5100
2004	\$5150
2005	\$5200

TABLE 2-1

12) Refer to Table 2-1. Assume that 2001 is used as the base year, with the index number = 100. The value of the index number in 2005 is

12) \_\_\_\_\_

- A) 104
- B) 100
- C) 1.04
- D) 96
- E) 0.96

Answer: A

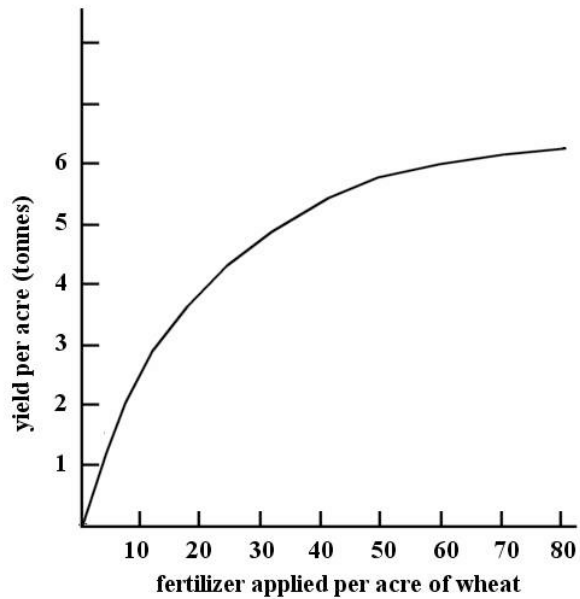


FIGURE 2-4

- 13) Refer to Figure 2-4. This non-linear function shows that over the range shown, 13) \_\_\_\_\_
- A) as more fertilizer is applied, the total yield per acre is diminishing.
  - B) as more fertilizer is applied, the marginal change in yield is diminishing.
  - C) as the yield per acre increases, the amount of fertilizer required per acre is diminishing.
  - D) as the yield per acre increases, the amount of fertilizer required per acre is increasing.
  - E) as more fertilizer is applied, the marginal response in yield is increasing

Answer: B

- 14) Which of the following statements is FALSE? 14) \_\_\_\_\_
- A) Confronting its predictions with evidence tests a theory.
  - B) A theory consists of definitions, variables, assumptions, hypotheses, and predictions.
  - C) If predictions are logically deduced from assumptions, the predictions are necessarily true.
  - D) A hypothesis is a conditional statement.
  - E) A variable can take on different values.

Answer: C

- 15) The statement that introducing a policy of legislated rent controls will lead to a housing shortage is an example of a(n) 15) \_\_\_\_\_
- A) theory.
  - B) prediction.
  - C) assumption.
  - D) model.
  - E) normative statement.

Answer: B

- 16) Suppose economists at the World Bank discover a positive correlation between family income and female education levels in developing countries. We can say that 16) \_\_\_\_\_
- A) there is a causal relationship between family income and female education.
  - B) an increase in family income causes an increase in female education levels.
  - C) the correlation is inconsistent with a theory that an increase in female education levels causes an increase in family income.
  - D) an increase in female education levels causes an increase in family incomes.
  - E) the observed correlation is consistent with a theory that an increase in female education levels causes an increase in family income.

Answer: E

- 17) Using the scientific method to approach an economic issue involves 17) \_\_\_\_\_
- A) setting up a theory to explain it and then determining if the theory can be refuted by evidence.
  - B) formulating normative statements about it.
  - C) seeking agreement from colleagues regarding the correctness of the theory.
  - D) finding the correct data to validate the theory.
  - E) considering stock and flow variables.

Answer: A

- 18) If the graph of a function is a horizontal line, the slope of this line is 18) \_\_\_\_\_
- A) 1.
  - B) undefined.
  - C) infinity.
  - D) -1.
  - E) 0.

Answer: E

*The table below shows hypothetical tuition costs at a Canadian university.*

<u>Year</u>	<u>Tuition</u>
2001	\$5000
2002	\$5050
2003	\$5100
2004	\$5150
2005	\$5200

TABLE 2-1

- 19) Refer to Table 2-1. The increase in tuition from 2001 to 2005 is: 19) \_\_\_\_\_
- A) 0.04 percent.
  - B) 200.
  - C) 200/5000.
  - D) 4 percent.
  - E) 200/5200.

Answer: D

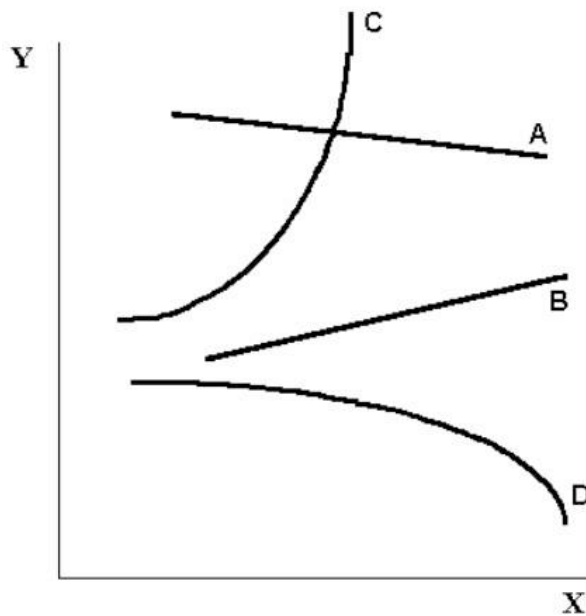


FIGURE 2-2

20) Refer to Figure 2-2. The slope of curve C is

20) \_\_\_\_\_

- A) impossible to describe.
- B) negative and constant.
- C) positive and constant.
- D) negative and changing.
- E) positive and changing.

Answer: E

21) Economics is scientific because

21) \_\_\_\_\_

- A) individual behaviour is predictable.
- B) it tests hypotheses by appealing to evidence.
- C) economists can conduct laboratory experiments.
- D) economists use data.
- E) money can be used as a measuring rod similar to a metre stick in physics.

Answer: B

22) Suppose an individual wheat farmer's income is influenced by the region's average daily temperature. When examining the determinants of individual farmer income, the average daily temperature is a(n) \_\_\_\_\_ variable.

22) \_\_\_\_\_

- A) flow
- B) endogenous
- C) induced
- D) dependent
- E) exogenous

Answer: E

23) The quantity exchanged in the market will be below the equilibrium quantity

23) \_\_\_\_\_

- A) only if there is excess supply.
- B) only if price is below the equilibrium price.
- C) if there is either excess supply or demand.
- D) in no imaginable situation.
- E) only if there is excess demand.

Answer: C

24) The time period to which quantity demanded refers when constructing demand curves is

24) \_\_\_\_\_

- A) a moment in time.
- B) not relevant.
- C) a long period of time.
- D) one year.
- E) a specified time period.

Answer: E

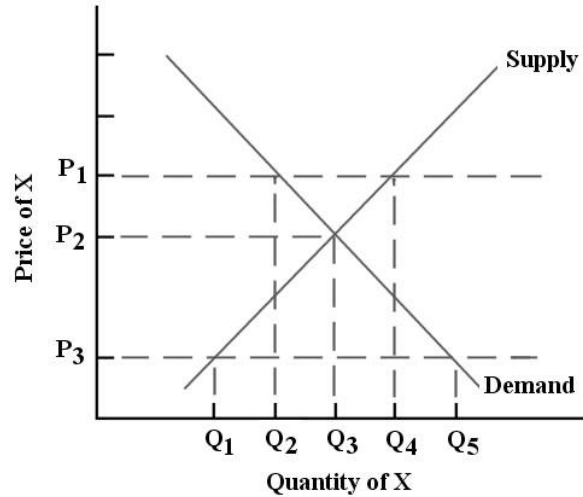


FIGURE 3-3

25) Refer to Figure 3-3. At a price of  $P_2$  there would be excess demand equal to

25) \_\_\_\_\_

- A)  $Q_2 - Q_4$
- B)  $Q_3 - Q_5$
- C)  $Q_1 - Q_3$
- D)  $Q_1 - Q_5$
- E) 0

Answer: E

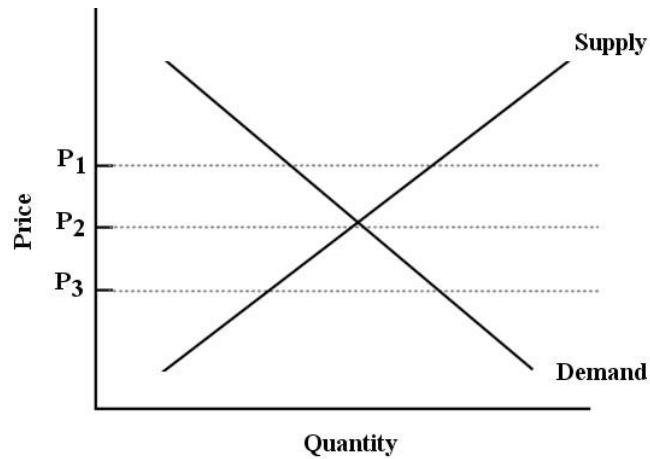


FIGURE 3-5

- 26) Refer to Figure 3-5. If supply were to increase, this would lead to 26) \_\_\_\_\_
- A) a decrease in  $P$  and an increase in  $Q$ .
  - B) a decrease in both  $P$  and  $Q$ .
  - C) an increase in both  $P$  and  $Q$ .
  - D) no change in  $P$  or  $Q$ .
  - E) an increase in  $P$  and a decrease in  $Q$ .

Answer: A

- 27) The supply for some good or service will decrease 27) \_\_\_\_\_
- A) if the prices of inputs increase.
  - B) if technology improves and the price of inputs falls.
  - C) if the prices of inputs fall.
  - D) if more suppliers enter the industry.
  - E) if technology improves.

Answer: A

- 28) Suppose that many coal mines are shut for environmental reasons. This will cause 28) \_\_\_\_\_
- A) a movement down the supply curve.
  - B) an increase in supply (a rightward shift of the supply curve).
  - C) a movement up the supply curve.
  - D) no change in the supply curve, only a change in price.
  - E) a decrease in supply (a leftward shift of the supply curve).

Answer: E

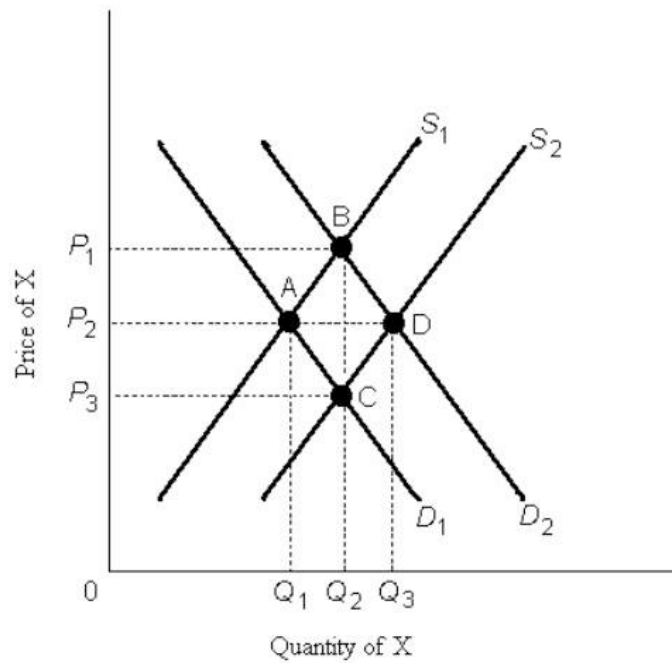


FIGURE 3-6

29) Refer to Figure 3-6. If the demand curve shifts from  $D_1$  to  $D_2$ , while supply remains at  $S_1$ , one could say that

29) \_\_\_\_\_

- A) the price increase has caused an increase in quantity demanded.
- B) the price of a good which is a substitute for X must have fallen.
- C) there has been an increase in demand for X.
- D) the quantity demanded has decreased to  $Q_1$  and price has fallen to  $P_2$ .
- E) there is now an excess demand at the new price of  $P_1$ .

Answer: C

The supply and demand schedules for dozens of roses are given below:

Price	Quantity Supplied per period	Quantity Demanded per period
\$10	200	500
\$20	300	450
\$30	400	400
\$40	500	350
\$50	600	300

TABLE 3-1

- 30) Refer to Table 3-1. At a price of \_\_\_\_\_ there would be an excess \_\_\_\_\_ of 300 dozen roses. 30) \_\_\_\_\_
- A) \$30; supply
  - B) \$30; demand
  - C) \$50; demand
  - D) \$10; supply
  - E) \$10; demand

Answer: E

- 31) Assume that apples and oranges are substitute goods. Given the initial supply and demand curves for apples, a reduction in the price of oranges will tend to 31) \_\_\_\_\_
- A) decrease the price of apples
  - B) increase the price of apples.
  - C) increase the demand for apples.
  - D) decrease the demand for oranges.
  - E) increase the demand for oranges.

Answer: A

- 32) If the legal beer-drinking age is raised from 18 to 21, the changes to the equilibrium price and quantity of beer will be such that 32) \_\_\_\_\_
- A) price falls, quantity falls.
  - B) price falls, quantity rises.
  - C) no change in price or quantity occurs.
  - D) price rises, quantity rises.
  - E) price rises, quantity falls.

Answer: A

- 33) A change in the demand for some commodity can result from all of the following EXCEPT: 33) \_\_\_\_\_
- A) a change in the distribution of income.
  - B) a change in population.
  - C) a change in average household income.
  - D) a change in the price of the commodity.
  - E) a change in tastes in favour of the commodity.

Answer: D

- 34) A fall in the price of potatoes, which are used in the production of french fries, will 34) \_\_\_\_\_
- A) lead to an increase in the supply of french fries, causing the supply curve of french fries to shift to the right.
  - B) lead to a decrease in the demand for french fries.
  - C) have no effect on the supply of french fries.
  - D) lead to a decrease in the supply of french fries, causing the supply curve of french fries to shift to the left.
  - E) have no effect on the supply of french fries but cause a movement along the supply curve of french fries.

Answer: A

- 35) All of the following will cause the supply curve to shift EXCEPT: 35) \_\_\_\_\_
- A) a change in factor costs.
  - B) a technological change.
  - C) a change in the price of substitute goods.
  - D) a change in the number of suppliers of the commodity.
  - E) a change in the price of the good.

Answer: E

- 36) If household expenditures on electricity remain constant when the price of electricity increases, the price elasticity for electricity is 36) \_\_\_\_\_
- A) one (demand is unit elastic).
  - B) exactly zero.
  - C) less than one (demand is inelastic).
  - D) not determinable from the information given.
  - E) greater than one (demand is elastic).

Answer: A

- 37) Which of the following statements would you expect to be true about the demand elasticities for cornflakes and food? 37) \_\_\_\_\_
- A) Food has a lower price elasticity of demand because it is more broadly defined.
  - B) Because cornflakes is food, but not all food is cornflakes, cornflakes would have a lower price elasticity of demand.
  - C) Compared with food, cornflakes has a lower price elasticity of demand because it is specifically defined.
  - D) Food has a higher price elasticity of demand because it is a necessity.
  - E) Because cornflakes is food, cornflakes would have the same price elasticity of demand as food.

Answer: A

- 38) Nancy's income has just risen from \$950 per week to \$1,050 per week. As a result, she decides to double the number of movies she attends each week. Nancy's demand for movies is 38) \_\_\_\_\_
- A) income elastic.
  - B) price elastic.
  - C) price inelastic.
  - D) difficult to comprehend if she is rational.
  - E) income inelastic.

Answer: A

- 39) The president of a major nickel-producing company says that an increase in the price of nickel would have no effect on the total amount spent on nickel. If this is true, the price elasticity of demand for nickel is 39) \_\_\_\_\_
- A) exactly one.
  - B) more than one.
  - C) less than zero.
  - D) not calculable from the information given.
  - E) infinitely elastic.

Answer: A

- 40) Suppose that the quantity of a good demanded rises from 90 units to 110 units when the price falls from \$1.20 to 80 cents per unit. The price elasticity of demand for this product is 40) \_\_\_\_\_
- A) 1.5                      B) 0.5                      C) 4.0                      D) 1.0                      E) 2.0

Answer: B

- 41) If the total expenditure on automobiles increases when the price of automobiles rises, the price elasticity of demand for automobiles is 41) \_\_\_\_\_
- A) less than one (demand is inelastic).
  - B) equal to one (demand is unit elastic).
  - C) exactly zero.
  - D) greater than one (demand is elastic).
  - E) not determinable from the information given.

Answer: A

- 42) Suppose the market supply curve for some good is upward sloping. If the imposition of an excise tax causes no change in the equilibrium quantity sold in the market, the good's demand curve must be \_\_\_\_\_, meaning that the burden of the tax has fallen completely on the \_\_\_\_\_. 42) \_\_\_\_\_
- A) vertical; consumers
  - B) horizontal; firms
  - C) horizontal; consumers
  - D) vertical; firms
  - E) unit elastic; government

Answer: A

Demand Schedule for Ski Tickets

<u>Price</u> (\$)	<u>Quantity Demanded</u> (no. of tickets)
120	0
110	100
100	200
90	300
80	400
70	500
60	600
50	700
40	800
30	900
20	1000
10	1100
0	1200

TABLE 4-2

- 43) Refer to Table 4-2. Price elasticity over the interval of the demand curve between prices of \$90 and \$70 is 43) \_\_\_\_\_
- A) -0.5                      B) 1.0                      C) -2.0                      D) 2.0                      E) 0.5

Answer: D

- 44) The "economic incidence" of an excise tax illustrates 44) \_\_\_\_\_
- A) the political process for implementing a tax.  
 B) who is legally responsible for paying it to the government.  
 C) the economic costs of avoiding it.  
 D) who bears the burden of the tax.  
 E) the legislative process it must pass through.

Answer: D

- 45) If firms' costs rise rapidly as output increases, the 45) \_\_\_\_\_
- A) supply curve will tend to be flat.  
 B) price elasticity of supply will tend to be high.  
 C) demand curve will tend to be steep.  
 D) price elasticity of supply will tend to be low.  
 E) elasticity of demand will tend to be low.

Answer: D

46) An increase in income will

46) \_\_\_\_\_

- A) increase the demand for SUVs if SUVs are normal goods.
- B) increase the demand for SUVs if SUVs are inferior goods.
- C) always increase the demand for SUVs.
- D) increase the supply of SUVs.
- E) decrease the demand for SUVs if SUVs have a very low price.

Answer: A

47) The long-run elasticity of supply of rental housing is greater than the short-run elasticity of supply because

47) \_\_\_\_\_

- A) changes in supply occur only after investment decisions are made regarding, for example, new construction or conversion of rental housing to other uses.
- B) investment in new rental housing has such a short payback period.
- C) the demand for rental housing is changing continuously.
- D) in the long run, landlords have no incentive to alter the supply of rental housing.
- E) changes in supply can occur very quickly, especially when rent controls are in place.

Answer: A

#### Demand and Supply Schedules for Chocolate Bars

<u>Price</u> (\$)	<u>Quantity Demanded</u> (thousands per week)	<u>Quantity Supplied</u> (thousands per week)
2.00	1500	2100
1.80	1600	2050
1.60	1700	2000
1.40	1800	1950
1.20	1900	1900
1.00	2000	1850
0.80	2100	1800
0.60	2200	1750
0.40	2300	1700

TABLE 5-1

48) Refer to Table 5-1. Suppose that as a public health measure the government wants to reduce the number of chocolate bars that children consume. To achieve this outcome the government could implement which of the following policies?

48) \_\_\_\_\_

- A) Impose a price ceiling of \$2.00.
- B) Impose a price floor of \$1.80.
- C) Impose an equilibrium price of \$1.20.
- D) Impose an equilibrium price of \$1.80.
- E) Impose a price ceiling of \$1.80.

Answer: B

49) The use of legislated rent controls typically

49) \_\_\_\_\_

- A) has much worse effects in the short run than in the long run.
- B) has no effect on the distribution of income between tenants and landlords or on the availability of rental accommodations.
- C) has no effect on the distribution of income between tenants and landlords but does affect the supply of rental accommodations.
- D) affects the distribution of income between tenants and landlords and also affects the availability of rental accommodations.
- E) affects the distribution of income between tenants and landlords but does not affect the supply of rental accommodations.

Answer: D

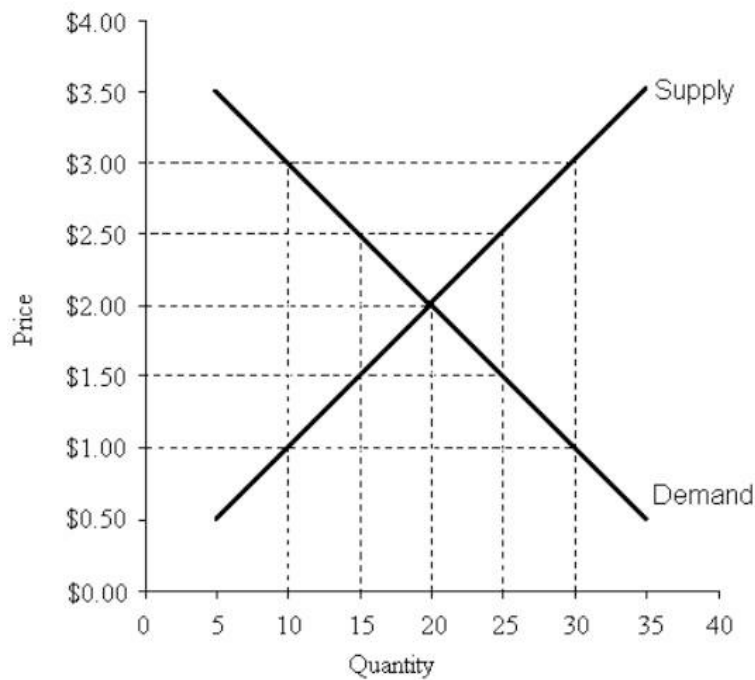


FIGURE 5-2

50) Refer to Figure 5-2. A price ceiling set at a price of \$2.50 per unit will result in

50) \_\_\_\_\_

- A) a shortage of 10 units.
- B) a surplus of 5 units
- C) a surplus of 10 units.
- D) a shortage of 5 units.
- E) no change in the market outcomes.

Answer: E

51) In free and competitive markets, shortages are eliminated by

51) \_\_\_\_\_

- A) price decreases.
- B) rationing.
- C) price increases.
- D) black markets.
- E) government price controls.

Answer: C

52) Suppose a binding output quota is imposed in a previously competitive market with free-market equilibrium price and quantity. The result is

52) \_\_\_\_\_

- A) higher price and lower quantity exchanged.
- B) no change in price or quantity exchanged.
- C) higher price and higher quantity exchanged.
- D) lower price and higher quantity exchanged.
- E) lower price and lower quantity exchanged.

Answer: A

53) Which of the following is true of price ceilings?

53) \_\_\_\_\_

- A) If the ceiling price is set above the free-market equilibrium price it will have no effect on the market.
- B) A ceiling price below the free-market equilibrium price is not binding.
- C) Firms must charge the price established as a price ceiling.
- D) With a binding ceiling price a surplus of the commodity will develop.
- E) With a non-binding ceiling price an excess demand for the product will develop.

Answer: A

Consider the following demand and supply schedules for some agricultural commodity.

Price	Quantity Supplied	Quantity Demanded
\$10	300	1100
\$30	500	900
\$50	700	700
\$70	900	500
\$90	1100	300
\$110	1300	100

TABLE 5-2

- 54) Refer to Table 5-2. Suppose we begin in a free-market equilibrium. If the government then imposes a production quota of 500 units, total farmers' income 54) \_\_\_\_\_
- A) increases by \$500.
  - B) remains unchanged.
  - C) increases by \$800.
  - D) decreases by \$500.
  - E) decreases by \$700.

Answer: B

- 55) If government establishes a ceiling on the price of rental accommodation lower than the free-market equilibrium price, then 55) \_\_\_\_\_
- A) the current stock of rental housing will be better maintained as there is a shortage of housing.
  - B) the rental housing market will be unaffected.
  - C) construction of new rental units will be encouraged.
  - D) a surplus of current rental units will develop.
  - E) those people who obtain rental units at the ceiling price will benefit.

Answer: E

- 56) Which of the following statements best differentiates price ceilings and price floors? 56) \_\_\_\_\_
- A) Binding price ceilings are always set below the equilibrium price, whereas binding price floors are always set above the equilibrium price.
  - B) Price ceilings represent minimum prices, while price floors represent maximum prices.
  - C) Price ceilings are always effective, whereas price floors are rarely effective.
  - D) Price floors cause shortages to appear, whereas price ceilings have the opposite effect.
  - E) Price ceilings and price floors have the same effects.

Answer: A

- 57) A binding price floor is a 57) \_\_\_\_\_
- A) maximum price, below equilibrium, which price is not allowed to exceed .
  - B) maximum price, above equilibrium, which price is not allowed to exceed.
  - C) minimum price, below equilibrium, which price is not allowed to fall below.
  - D) minimum price, above equilibrium, which price is not allowed to fall below.
  - E) any minimum price which price is not allowed to fall below.

Answer: D

- 58) Suppose the government establishes a binding price floor for some product. At the price floor, 58) \_\_\_\_\_
- A) both sellers and buyers are exchanging the free- market equilibrium quantity.
  - B) a new free- market equilibrium price and quantity will be established.
  - C) although sellers are selling all of the product that they desire, consumers are not able to buy all that they desire.
  - D) although consumers are purchasing all of the product that they desire at this price, the sellers are not selling all that they desire.
  - E) both sellers and buyers are satisfied with the quantity that is being exchanged.

Answer: D

- 59) In a competitive market, a legal price ceiling set above the free- market equilibrium price will result 59) \_\_\_\_\_  
in
- A) a continuation of the free- market equilibrium price and quantity.
  - B) the quantity demanded exceeding quantity supplied and thus a shortage in the market.
  - C) a new free- market equilibrium at a higher price and lower output level.
  - D) increased profits to the firms in the industry.
  - E) the quantity supplied exceeding quantity demanded and thus a surplus in the market.

Answer: A

- 60) If government goals are to (1) restrict production and (2) keep prices down to protect consumers, 60) \_\_\_\_\_  
then legislated price ceilings will
- A) satisfy only the second goal if a black market develops.
  - B) satisfy both goals as long as a black market does not develop.
  - C) satisfy both goals but only if a black market develops.
  - D) only have an effect on commodities at the international level.
  - E) be a dismal failure as neither goal can ever be achieved with price ceilings.

Answer: B