Microeconomics-Quiz 1

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1. Given an example of a good with inelastic demand. Explain why demand is inelastic in your example.
2. Compare the price elasticities of demand for apps distributed by Apple Store and Google Play. Do you think that they are similar or different? Explain why.
3. The taxi market in İstanbul is not necessarily in equilibrium. The number of taxi licenses are fixed. The taxi fares are also regulated. So neither the price nor the quantity can freely adjust in the taxi market in İstanbul. How would you solve this problem? Do you think that there is an excess supply problem or excess demand problem? Maybe, incidentally, the market is in equilibrium. Discuss.
4. Give an example for the concept of trade-off. Explain your example with details.
5. Suppose that you know the price elasticity of demand for oil in the world market. Given an example where this information would be useful. Discuss how elasticity information would be useful.