

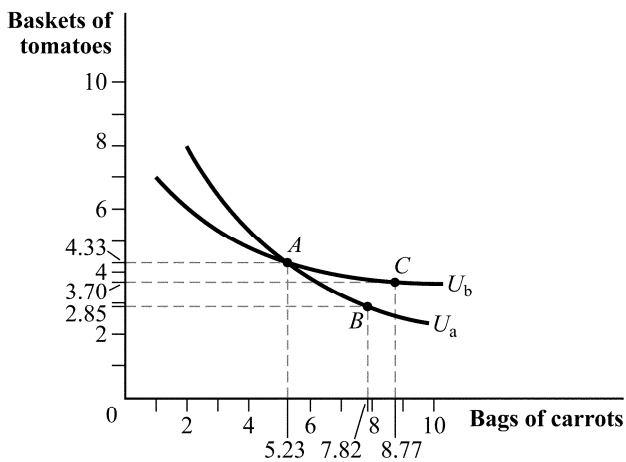
Quiz #2 -- September 22, 2022

You have until the end of class to complete the quiz. Answer the questions on the answer sheet. Pick the alternative that best completes the statement or answers the question. Be sure to write and bubble in your name and PantherID on the answer sheet. You may keep the test booklet.

1. Beth has \$200 of income to spend on e-books (E), priced at \$10 per book, and Zumba (Z) classes, priced at \$8 per class. Which of the following consumption bundles is infeasible?
A) $E = 10$ and $Z = 13$
B) $E = 2$ and $Z = 22$
C) $E = 20$ and $Z = 0$
D) $E = 8$ and $Z = 15$

Use the following to answer question 2.

Figure 4.4



2. (Figure 4.4) This figure violates the assumption:
A) of convex indifference curves.
B) of rankability.
C) of transitivity.
D) that the more you have of a good, the less you are willing to give up to get even more of it.

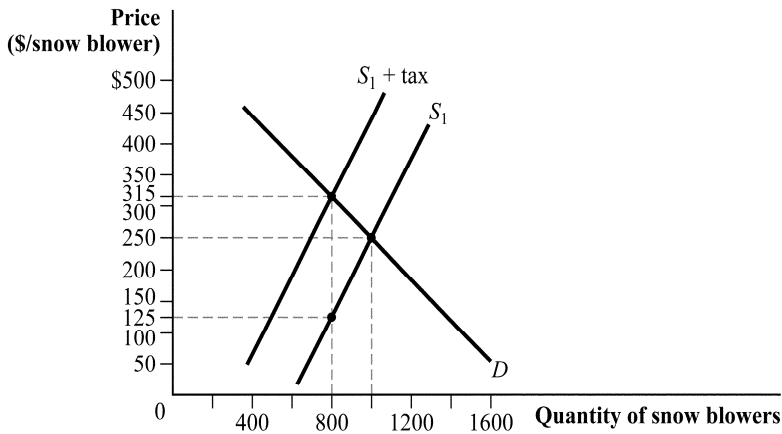
3. Carleton is presented with two bundles of goods: silk ties and cufflinks. Which of the following statements satisfies the assumption of rankability?

- I. Carleton prefers silk ties to cufflinks.
- II. Carleton prefers cufflinks to silk ties.
- III. Carleton is equally satisfied with either silk ties or cufflinks.

- A) I, II, and III B) II C) I D) I or II

Use the following to answer question 4.

Figure 3.14



4. (Figure 3.14) The size of the tax is:

- A) \$125. B) \$190. C) \$200. D) \$65.

5. Jewel's utility is a function of golf (G) and music lessons (M), where $MU_G = 1/G$ and $MU_M = 1/M$. What is MRS_{GM} when $M = 10$ and $G = 4$?

- A) 14 B) 6 C) 0.4 D) 2.5

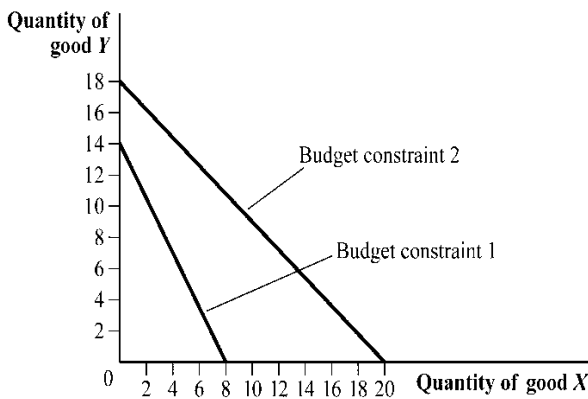
6. Kyle's utility function is $U = 4X + 3.7Y$, where X is units of good X and Y is units of good Y . What is the marginal utility of good X ?

- A) $0.3X$ B) $U/4$ C) $4X + 3.7$ D) 4

7. In the market for used cars, the demand and supply equations are given by $Q^D = 12,000 - 0.4P$ and $Q^S = 0.1P + 5,000$, where P is the price per car and Q measures the quantity of cars. What is the size of the deadweight loss at a price floor of \$15,000?
- A) \$750,000 B) \$250,000 C) \$500,000 D) \$1 million
8. If the government taxes a product, what is the relationship between the price that buyers pay (P_B) and the price that sellers receive (P_S)?
- A) $P_B(1 + \text{tax}) = P_S$ C) $P_B + \text{tax} = P_S$
 B) $P_B + P_S = \text{tax}$ D) $P_B = P_S + \text{tax}$

Use the following to answer question 9.

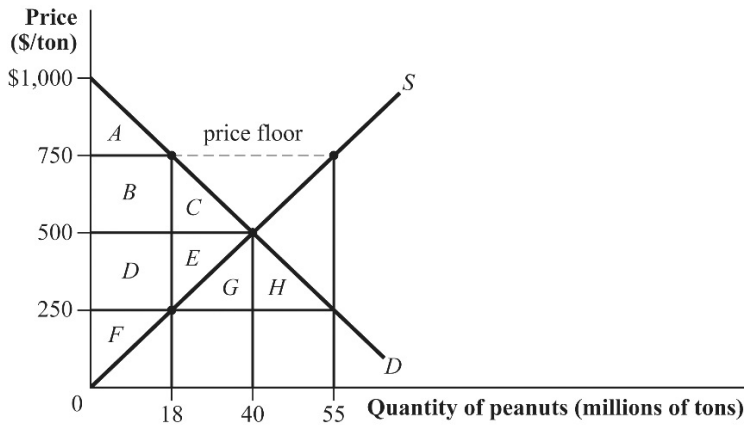
Figure 4.14



9. (Figure 4.14) Suppose the budget constraint shifted from constraint 2 to constraint 1. What could have caused this change?
- A) a decrease in income and an increase in the price of good X relative to that of good Y
 B) an increase in the relative price of good X to that of good Y
 C) a decrease in the price of good X
 D) a decrease in income

Use the following to answer question 10.

Figure 3.10



10. (Figure 3.10) At a price floor of \$750, there is an excess supply of _____ tons of peanuts.
A) 37 million B) 18 million C) 15 million D) 12 million

Answer Key - F22-2

1. A
2. C
3. A
4. B
5. D
6. D
7. D
8. D
9. A
10. A