

Term 121: Econ 101: Principles of Microeconomics
 Quiz_3

Name _____

Student ID: _____

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

- 1) A government wants to reduce electricity consumption by 5%. The price elasticity of demand for electricity is -0.5. The government must _____ the price of electricity by _____. 1) _____
 A) lower; 0.5% B) raise; 1.0% C) raise; 0.1% D) raise; 10.0%

Refer to the information provided in Figure 5.2 below to answer the questions that follow.

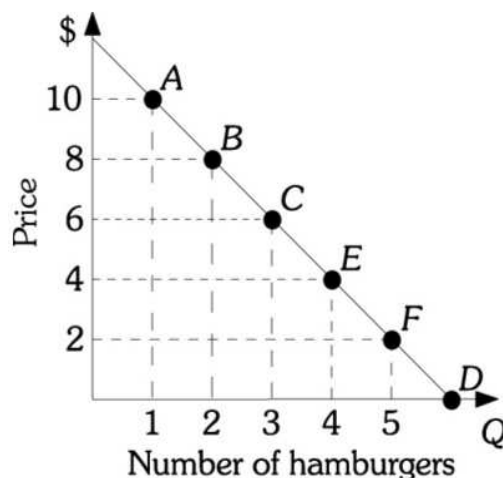


Figure 5.2

- 2) Refer to Figure 5.2. If the price of a hamburger is increased from \$2 to \$4, the price elasticity of demand equals _____. Use the midpoint formula. 2) _____
 A) -0.33 B) -2.0 C) -3.0 D) -5.0
- 3) When there are more substitutes for a product, the _____ for the product is _____. 3) _____
 A) demand; more price elastic B) income elasticity; greater
 C) demand; less price elastic D) income elasticity; smaller

Refer to the information provided in Figure 6.1 below to answer the questions that follow.

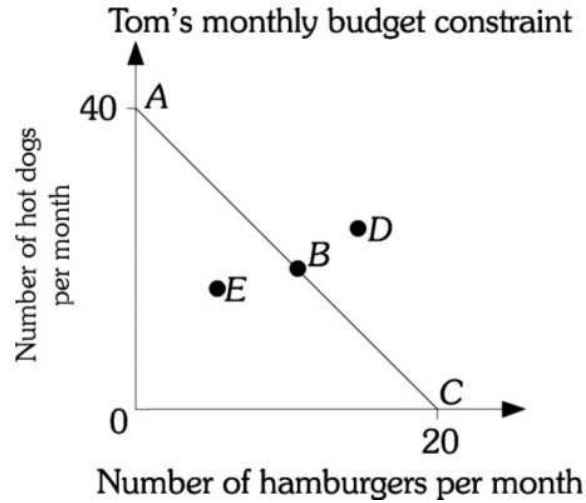


Figure 6.1

- 4) Refer to Figure 6.1. Assume Tom is on budget constraint AC and the price of a hamburger is \$4.00. Tom's monthly income is _____
- A) \$20. B) \$60. C) \$80. D) \$100.

Refer to the information provided in Table 6.1 below to answer the questions that follow.

Table 6.1

Number of Hamburgers per Day	Total Utility	Marginal Utility
1	30	
2	52	
3	67	
4	76	
5		4
Number of Sodas per Day	Total Utility	Marginal Utility
1	20	
2	35	
3	47	
4	57	
5		7

- 5) Refer to Table 6.1. The marginal utility of the second hamburger per day is _____
- A) 10. B) 15. C) 22. D) 52.

Answer Key

Testname: QUIZ_3_ANSWERS

- 1) D
- 2) A
- 3) A
- 4) C
- 5) C