

Econ 2021_2023: Quiz 6

You only have one attempt to submit your quiz.
The system will automatically close the form on **19 Aug 2023 at 11:55 PM (Midnight)**
NO LATE SUBMISSION is accepted.

Isok@paragoniu.edu.kh [Switch account](#)  Draft saved

* Indicates required question

Email *

☒ Record Isok@paragoniu.edu.kh as the email to be included with my response

Suppose a consumer must choose between the consumption of sandwiches and pizza. If we measure the quantity of pizza on the horizontal axis and the quantity of sandwiches on the vertical axis, and if the price of a pizza is €10 and the price of a sandwich is €5, then the slope of the budget constraint is *

☒ a. 2

☐ b. 10

☐ c. 1/2

☐ d. 5

If leisure is a normal good, an increase in the wage *

☐ a. will always increase the quantity of labour supplied.

☒ b. will increase the amount of labour supplied if the substitution effect outweighs the income effect.

☐ c. will increase the amount of labour supplied if the income effect outweighs the substitution effect.

☐ d. will always decrease the amount of labour supplied.

Which of the following is true about the consumer's optimum consumption bundle? At the optimum, *

☐ a. the slope of the indifference curve equals the slope of the budget constraint.

☐ b. the indifference curve is tangent to the budget constraint.

☐ c. the relative prices of the two goods equals the marginal rate of substitution.

☐ d. none of these answers are true.

☒ e. all of these answers are true.

The consumer's optimal purchase of any two goods is the point where *

☐ a. the budget constraint crosses the indifference curve.

☐ b. the two highest indifference curves cross.

☒ c. the consumer reaches the highest indifference curve subject to remaining on the budget constraint.

☐ d. the consumer has reached the highest indifference curve.

If an increase in a consumer's income causes the consumer to decrease her quantity demanded of a good, then the good is *

☐ a. a substitute good.

☐ b. a normal good.

☐ c. a complementary good.

☒ d. an inferior good.

Which of the following statements is not true with regard to the standard properties of indifference curves? *

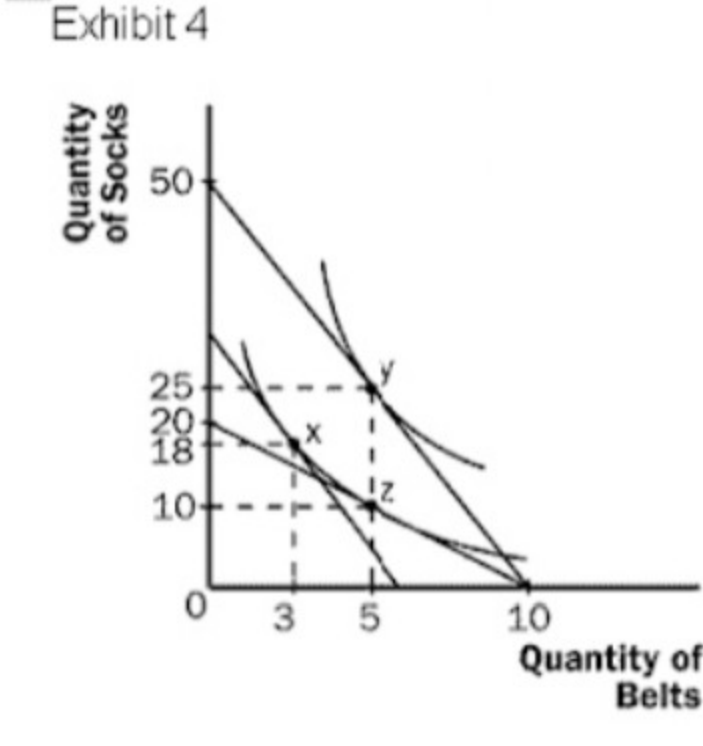
☐ a. Indifference curves are downward sloping.

☒ b. Indifference curves are bowed outward.

☐ c. Indifference curves do not cross each other.

☐ d. Higher indifference curves are preferred to lower ones.

Refer to Exhibit 4. Suppose that the consumer must choose between buying socks and belts. Also, suppose that the consumer's income is €100. If the price of a belt is €10 and the price of a pair of socks is €5, the consumer will choose to buy the commodity bundle represented by point *



☒ a. Z

☐ b. X

☐ c. Y

☐ d. the optimal point cannot be determined from this graph.

If consumption when young and when old are both normal goods, an increase in the interest rate *

☐ a. will always increase the quantity of saving.

☐ b. will always decrease the quantity of saving.

☒ c. will increase the quantity of saving if the substitution effect outweighs the income effect.

☐ d. will increase the quantity of saving if the income effect outweighs the substitution effect.

A change in the relative prices of which of the following pair of goods would likely cause the smallest substitution effect? *

☒ a. right shoes and left shoes

☐ b. petrol from BP and petrol from Shell

☐ c. Kit-Kat chocolate snacks and Twix chocolate snacks

☐ d. Coke and Pepsi

Indifference curves for perfect substitutes are *

☐ a. right angles.

☐ b. bowed outward.

☒ c. straight lines.

☐ d. nonexistent.

☐ e. bowed inward.

The limit on the consumption bundles that a consumer can afford is known as *

☐ a. an indifference curve.

☒ b. the budget constraint.

☐ c. the marginal rate of substitution.

☐ d. the consumption limit.

If income were to double and prices were to double, the budget line would *

☒ a. stay the same.

☐ b. rotate inward.

☐ c. shift outward in a parallel fashion.

☐ d. rotate outward.

☐ e. shift inward in a parallel fashion.

Suppose we measure the quantity of good X on the horizontal axis and the quantity of good Y on the vertical axis. If indifference curves are bowed inward, as we move from having an abundance of good X to having an abundance of good Y, the marginal rate of substitution of good Y for good X (the slope of the indifference curve) *

☒ a. rises.

☐ b. stays the same.

☐ c. could rise or fall depending on the relative prices of the two goods.

☐ d. falls.

If an increase in a consumer's income causes the consumer to increase his quantity demanded of a good, then the good is *

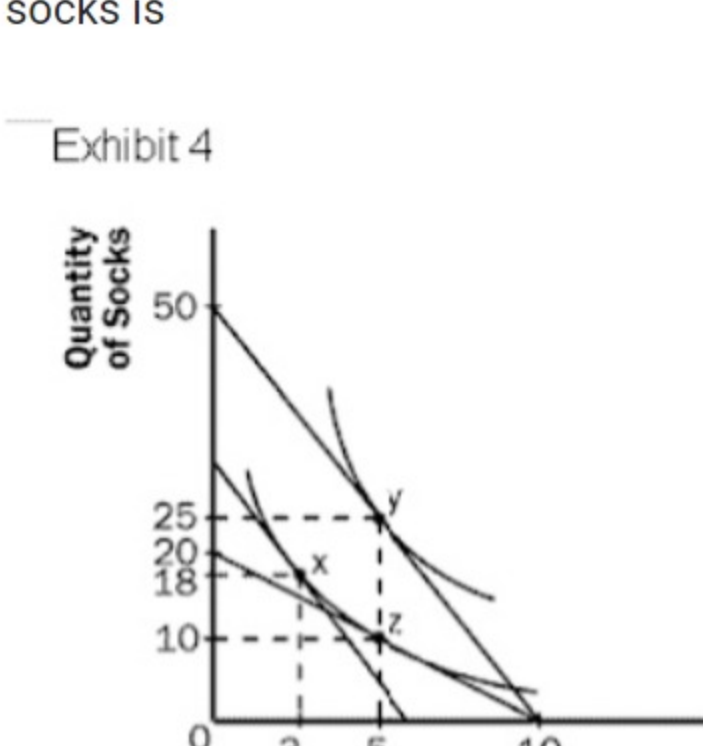
☐ a. a complementary good.

☐ b. an inferior good.

☒ c. a normal good.

☐ d. a substitute good.

Refer to Exhibit 4. Suppose that the consumer must choose between buying socks and belts. Also, suppose that the consumer's income is €100. A pair of socks is



☐ a. an inferior good.

☐ b. a Giffen good.

☒ c. a normal good.

☐ d. none of these answers.

The slope at any point on an indifference curve is known as *

☒ a. the marginal rate of substitution.

☐ b. the marginal rate of trade-off.

☐ c. the trade-off rate.

☐ d. the marginal rate of indifference.

The change in consumption that results when a price change moves the consumer along a given indifference curve is known as the *

☐ a. inferior effect.

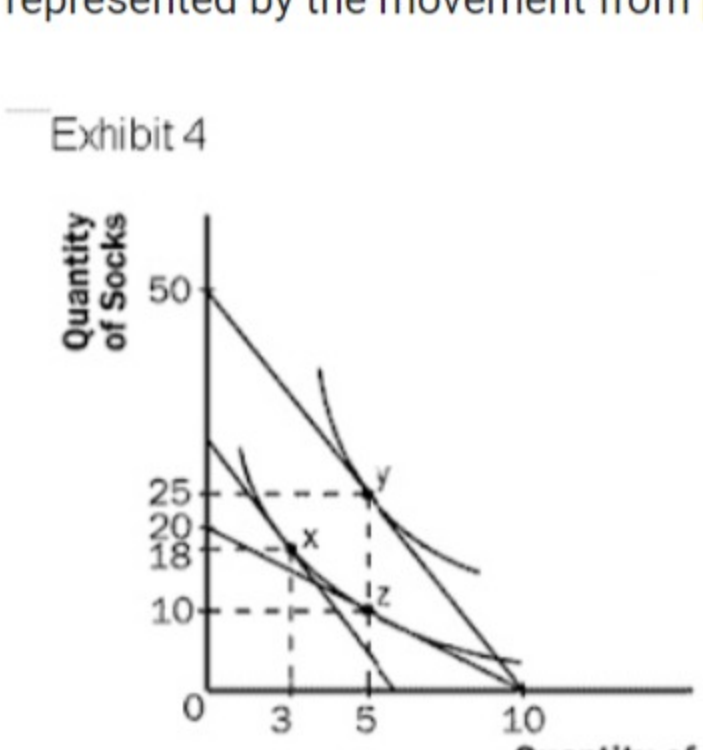
☐ b. normal effect.

☒ c. substitution effect.

☐ d. complementary effect.

☐ e. income effect.

Refer to Exhibit 4. Suppose that the consumer must choose between buying socks and belts. Also, suppose that the consumer's income is €100. Suppose that the price of a pair of socks falls from €5 to €2. The substitution effect is represented by the movement from point



☒ a. Z to point X.

☐ b. X to point Y.

☐ c. X to point Z.

☐ d. Y to point X.

Refer to Exhibit 4. Suppose that the consumer must choose between buying socks and belts. Also, suppose that the consumer's income is €100. Suppose that the price of a pair of socks has falls from €5 to €2. The income effect is represented by the movement from point

