

12/7

PRICE THEORY I TFUS

CORE 2014-15

Simon Oh

1. The fact that physicians charge less to poor patients is good evidence that physicians have market power.
2. The long-run supply of capital cannot slope down versus the capital rental rate.
3. The demand for assembled toys is less price elastic than the demand for toys that customers have to assemble.
4. A durable goods market adjusts more rapidly to changes in demand when the durable good has a high depreciation rate.
5. The individual-level and market-wide price elasticity of demand for Microsoft Excel are essentially the same because market demand is the sum of individual demands.
6. Reductions in the quantity index for the consumption of cigarette products indicate that the population is smoking less over time.

• market demand tends to be more elastic.