

PRICE THEORY I TFUs

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1. A person with income split equally between wages and asset income (e.g. interest and dividends received) would benefit just as much from a 20% increase in asset income and a 20% increase in his wage rate.
2. Industries in which labour and capital are complements in production are good opportunities for labour union organising.
3. A price ceiling in a competitive market cannot benefit consumers unless the regulator also regulates quantity traded.
4. The adding up condition from demand theory is valid only if the consumer optimises all of the goods that he purchases.
5. When famous people wear expensive designer clothes, other people are more willing to pay for such clothes. Therefore, the purchase decisions of famous people are the source of a negative externality.
6. An overnight hail storm seriously dented the cars on display at the new car dealership. Customers were aware of the damage. True, False, or Uncertain: The storm caused fewer people to shop at the dealership until such time that it could obtain a fresh shipment of new cars.
7. The availability of ebooks reduces the sales of physical books.