

PRICE THEORY I TFUs

FINAL 2018-19

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1. Introducing contraceptive methods in a society should decrease the number of unwanted births.
2. Introducing contraceptive methods in a society decreases the cost to women of engaging in causal sexual activity.
3. Consider Christmas to be a celebratory occasion when families get together and exchange gifts. We do not expect the amount of money that each family member spends on gifts net of the gifts they receive to be increasing in her/his income.
4. Since the Marshallian and Hicksian demand curves are the same for a good with zero income elasticity and utility is constant along the Hicksian demand curve, utility would be constant along the Marshallian demand curve for goods with zero income elasticity.
5. A decrease in the amount of cash people carry in their pockets, caused by technological improvements in electronic/card payments, will reduce the number of robberies.
6. The US over-consumes health care and a similar country that has an efficient system would spend only half as much and consume 20% less healthcare (measured by quantity). True/False/Uncertain: The efficiency gain from moving to the more efficient system is somewhere between 20% and 50% of the US expenditure level.
7. In the electricity market, consumers buy electricity from utilities who buy it from generators. *True/False/Uncertain:* A restriction on the electricity generation sector that prevents the creation of new generation capacity will benefit utility companies that own power generation capacity but also purchase power from 3rd party power generators.
8. Since the cost function is concave, consumers should prefer more variation in prices assuming nominal income is constant.
9. The loss to consumers from a tax on imported oil would harm consumers by an amount less than the tax times the original amount oil imported since oil imports will fall as a result of the tax.